

Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Year Ended 31 December 2015
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

28 January 2016

*This report contains “Independent Auditors’ Report”
comprising 2 pages and; “Unconsolidated Financial
Statements and Related Disclosures and Footnotes”
comprising 130 pages.*

Convenience Translation of the Auditors' Report
Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

To the Board of Directors of Türkiye Sınai Kalkınma Bankası Anonim Şirketi;

Report on the Unconsolidated Financial Statements

We have audited the unconsolidated financial statements of of Türkiye Sınai Kalkınma Bankası ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2015 and the unconsolidated statement of income, statement of income and expense items accounted under shareholders' equity, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Sınai Kalkınma Bankası AŞ as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2015 are not in compliance with TTK and provisions of the Bank's articles of association in relation to financial reporting.

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

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

Erdal Tıkmaç
Partner, SMMM
28 January 2016
İstanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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

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

28 January 2016

Adnan BALİ	Özcan TÜRKAKIN	Ömer ERYILMAZ	Tolga SERT
Chairman of Board of Directors	Member of Board of Directors and General Manager	Executive Vice President in Charge of Financial Reporting	Head of Financial Control Department
Kemal Serdar DİŞLİ		Uygar Safak ÖĞÜN	
Member of Audit Committee		Member of Audit Committee	

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

Current Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	880.723	50,33	880.723	-
T. Vakıflar Bankası T.A.O.	146.606	8,38	146.606	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	722.671	41,29	722.671	-
Total	1.750.000	100,00	1.750.000	-

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	-

(*)T. İş Bankası A.Ş. Group share is calculated by considering T. İş Bankası A.Ş.'s purchases in free floating of BIST in December 2015 of Bank shares.

Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Bank's 50,33% of the shares belongs to İş Bank Group and 39,3% of these shares are in free floating and traded in BIST National Market with "TSKB" ticker.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are 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 Bank

The Chairman and The Members of Board of Directors:

Name Surname (6)	Title (1)
Adnan Bali	Chairman of the Board of Directors
Kemal Serdar Dişli	Vice Chairman of the Board of Directors and Member of the Audit Committee
Halil Aydoğan	Member of the Board of Directors
Murat Bilgiç	Member of the Board of Directors
Yavuz Canevi (2)	Member of the Board of Directors
Zeynep Cansu Uçar (4)	Member of the Board of Directors
Uygar Şafak Öğün	Member of the Board of Directors and Audit Committee
Ebru Özsuca	Member of the Board of Directors
Özcan Türkakın	Member of the Board of Directors and General Manager
Kamil Yılmaz	Member of the Board of Directors

General Manager and Vice Presidents

Name Surname (5)	Title / Area of Responsibility
Özcan Türkakın	General Manager
Burak Akgüç	Vice President – Corporate Marketing and Project Finance
Ömer Eryılmaz	Vice President – Financial Control, Budget Planning and Investor Relations and Corporate Compliance
Çiğdem İçel	Vice President – Financial Institutions, Treasury and Development Finance Institutions
Ufuk Bala Yücel	Vice President – Loans
B. Gökhan Çanakpınar	Vice President – Information Technology and Operation
Ece Börü	Vice President– Enterprise Architecture and Human Resources
Hakan Aygen	Vice President – Corporate Finance and Economic Research
Aziz Ferit Eraslan (3)	Vice President – Internal Systems

(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.

(3) In the Board of Directors meeting held on 30 September 2015, Aziz Ferit Eraslan was appointed to Vice President of Internal Systems as of 01 October 2015. Aziz Ferit Eraslan has started his duty on 15 October 2015 after completion of the legal procedures stated in Banking Law.

(4) Zeynep Hansu Uçar was elected as Board Member due to the resignation of Ertan Burhanettin Kantar in accordance with the Board of Directors resolution dated 27 November 2015. 2 December 2015 was oath date in order to start vacant position of Zeynep Hansu Uçar.

(5) A. Orhan Beşkök has retired on 31 October 2015 from the duty of Senior Vice President of Technical Services and Financial Institutions as mentioned in the Board of Directors resolution dated 30 October 2015.

(6) According to Board of Directors meeting held on 30 December 2015, Burhanettin Aktaş, the member of Board of Director, has resigned on 21 December 2015.

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 2015.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Explanation about the persons and institutions that have qualified shares control the Bank's capital directly or indirectly are described in General Information Section II.

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

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

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

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

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

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

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

Yatırım Finansman Menkul Değerler A.Ş. :

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are 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)**

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

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 October 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 Bank and its subsidiaries or the reimbursement of liabilities**

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2015

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

		Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014		
ASSETS	Note Ref.	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	40.438	770.676	811.114	31.636	476.152	507.788
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	37.429	159.786	197.215	15.440	56.491	71.931
2.1 Trading financial assets		37.429	159.786	197.215	15.440	56.491	71.931
2.1.1 Public sector debt securities		28.233	-	28.233	-	-	-
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		9.196	159.786	168.982	15.440	56.491	71.931
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	(3)	324	534.505	534.829	22.052	100.266	122.318
IV. MONEY MARKET PLACEMENTS		1.080.274	-	1.080.274	104.913	-	104.913
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		1.080.274	-	1.080.274	104.913	-	104.913
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.123.150	847.819	2.970.969	2.955.908	558.988	3.514.896
5.1 Share certificates		26.901	10.120	37.021	26.807	6.240	33.047
5.2 Public sector debt securities		1.793.224	831.327	2.624.551	2.491.044	530.019	3.021.063
5.3 Other marketable securities		303.025	6.372	309.397	438.057	22.729	460.786
VI. LOANS AND RECEIVABLES	(5)	2.414.222	11.261.257	13.675.479	2.525.172	8.455.448	10.980.620
6.1 Loans and receivables		2.414.222	11.261.257	13.675.479	2.525.172	8.455.448	10.980.620
6.1.1 Loans to the risk group of the Bank		388.155	207.989	596.144	331.219	126.710	457.929
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2.026.067	11.053.268	13.079.335	2.193.953	8.328.738	10.522.691
6.2 Non performing loans		57.754	1.651	59.405	14.897	2.039	16.936
6.3 Specific provisions (-)		(57.754)	(1.651)	(59.405)	(14.897)	(2.039)	(16.936)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	715.194	157.408	872.602	-	-	-
8.1 Public sector debt securities		715.194	157.408	872.602	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	156.008	-	156.008	161.038	-	161.038
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		156.008	-	156.008	161.038	-	161.038
9.2.1 Financial investments		154.453	-	154.453	159.483	-	159.483
9.2.2 Non-financial investments		1.555	-	1.555	1.555	-	1.555
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	122.699	-	122.699	134.204	-	134.204
10.1 Unconsolidated financial subsidiaries		122.320	-	122.320	133.825	-	133.825
10.2 Unconsolidated non-financial subsidiaries		379	-	379	379	-	379
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	98	98	-	87	87
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(98)	(98)	-	(87)	(87)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	4.093	4.093	-	-	-
13.1 Fair value hedge		-	4.093	4.093	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	48.515	-	48.515	10.262	-	10.262
XV. INTANGIBLE ASSETS (Net)	(13)	686	-	686	690	-	690
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		686	-	686	690	-	690
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	22.911	-	22.911	14.920	-	14.920
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		22.911	-	22.911	14.920	-	14.920
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)	56.133	181.058	237.191	30.337	46.796	77.133
TOTAL ASSETS		6.817.983	13.916.602	20.734.585	6.006.572	9.694.141	15.700.713

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2015

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

		Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014			
LIABILITIES		Note Ref.	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
1.1	Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	42.933	130.498	173.431	5.371	59.460	64.831
III.	FUNDS BORROWED	(3)	196.001	13.102.950	13.298.951	3.068	9.876.550	9.879.618
IV.	MONEY MARKET BALANCES		2.123.487	45.994	2.169.481	1.922.659	239.835	2.162.494
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements		2.123.487	45.994	2.169.481	1.922.659	239.835	2.162.494
V.	MARKETABLE SECURITIES ISSUED (Net)	(3)	-	2.037.571	2.037.571	-	813.824	813.824
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	2.037.571	2.037.571	-	813.824	813.824
VI.	BORROWER FUNDS		1.690	28.987	30.677	623	38.458	39.081
6.1	Borrower funds		1.690	28.987	30.677	623	38.458	39.081
6.2	Others		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		93.141	24.104	117.245	70.688	13.859	84.547
VIII.	OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	(5)	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operating lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance lease expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	5.799	5.799	-	-	-
11.1	Fair value hedge		-	5.799	5.799	-	-	-
11.2	Cash flow hedge		-	-	-	-	-	-
11.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	(7)	220.045	-	220.045	215.929	-	215.929
12.1	General loan loss provisions		150.329	-	150.329	125.194	-	125.194
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		9.133	-	9.133	7.735	-	7.735
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		60.583	-	60.583	83.000	-	83.000
XIII.	TAX LIABILITY	(8)	46.822	-	46.822	36.239	-	36.239
13.1	Current tax liability		46.822	-	46.822	36.239	-	36.239
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(9)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	145.836	145.836	-	116.065	116.065
XVI.	SHAREHOLDERS' EQUITY		2.477.439	11.288	2.488.727	2.237.173	50.912	2.288.085
16.1	Paid-in capital	(11)	1.750.000	-	1.750.000	1.500.000	-	1.500.000
16.2	Capital reserves		(33.228)	11.288	(21.940)	61.408	50.912	112.320
16.2.1	Share premium		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund	(11)	(64.633)	11.288	(53.345)	51.714	50.912	102.626
16.2.4	Tangible assets revaluation differences		31.348	-	31.348	9.320	-	9.320
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8	Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9	Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		57	-	57	374	-	374
16.3	Profit reserves		353.822	-	353.822	306.491	-	306.491
16.3.1	Legal reserves	(11)	192.634	-	192.634	173.329	-	173.329
16.3.2	Statutory reserves		75.641	-	75.641	75.641	-	75.641
16.3.3	Extraordinary reserves	(11)	82.703	-	82.703	54.612	-	54.612
16.3.4	Other profit reserves		2.844	-	2.844	2.909	-	2.909
16.4	Profit or loss		406.845	-	406.845	369.274	-	369.274
16.4.1	Prior years' income/losses		-	-	-	-	-	-
16.4.2	Current year income/loss		406.845	-	406.845	369.274	-	369.274
TOTAL LIABILITIES AND EQUITY			5.201.558	15.533.027	20.734.585	4.491.750	11.208.963	15.700.713

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 31 DECEMBER 2015

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

		Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014		
	Note Ref	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		3.573.336	22.330.276	25.903.612	2.078.989	11.413.484	13.492.473
I. GUARANTEES AND COLLATERALS	(1)	390.801	1.391.865	1.782.666	431.847	1.021.222	1.453.069
1.1 Letters of guarantee		390.801	805.948	1.196.749	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		390.801	805.948	1.196.749	431.847	525.125	956.972
1.2 Bank acceptances		-	19.027	19.027	-	-	-
1.2.1 Import letters of acceptance		-	19.027	19.027	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	566.890	566.890	-	496.097	496.097
1.3.1 Documentary letters of credit		-	566.890	566.890	-	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)	526.242	3.583.563	4.109.805	393.387	2.269.162	2.662.549
2.1 Irrevocable commitments		93.660	303.401	397.061	15.597	137.316	152.913
2.1.1 Forward asset purchase and sales commitments		55.547	55.042	110.589	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		-	-	-	-	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		38.113	248.359	286.472	2.718	36.610	39.328
2.2 Revocable commitments		432.582	3.280.162	3.712.744	377.790	2.131.846	2.509.636
2.2.1 Revocable loan granting commitments		432.582	3.280.162	3.712.744	377.790	2.131.846	2.509.636
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2.656.293	17.354.848	20.011.141	1.253.755	8.123.100	9.376.855
3.1 Derivative financial instruments for hedging purposes		-	4.689.900	4.689.900	-	-	-
3.1.1 Fair value hedge		-	4.689.900	4.689.900	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		2.656.293	12.664.948	15.321.241	1.253.755	8.123.100	9.376.855
3.2.1 Forward foreign currency buy/sell transactions		47.844	359.244	407.088	20.400	28.697	49.097
3.2.1.1 Forward foreign currency transactions-buy		23.898	180.556	204.454	18.765	5.780	24.545
3.2.1.2 Forward foreign currency transactions-sell		23.946	178.688	202.634	1.635	22.917	24.552
3.2.2 Swap transactions related to f.c. and interest rates		1.554.677	10.793.868	12.348.545	549.286	7.216.864	7.766.150
3.2.2.1 Foreign currency swaps-buy		621.999	1.978.589	2.600.588	200.539	1.129.978	1.330.517
3.2.2.2 Foreign currency swaps-sell		887.822	1.671.255	2.559.077	301.371	961.302	1.262.673
3.2.2.3 Interest rate swaps-buy		22.428	3.572.012	3.594.440	23.688	2.562.792	2.586.480
3.2.2.4 Interest rate swaps-sell		22.428	3.572.012	3.594.440	23.688	2.562.792	2.586.480
3.2.3 Foreign currency, interest rate and securities options		1.053.772	1.422.626	2.476.398	684.069	802.862	1.486.931
3.2.3.1 Foreign currency options-buy		526.886	711.313	1.238.199	343.260	401.258	744.518
3.2.3.2 Foreign currency options-sell		526.886	711.313	1.238.199	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		-	89.210	89.210	-	74.677	74.677
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		32.899.924	146.256.211	179.156.135	25.996.948	106.727.166	132.724.114
IV. ITEMS HELD IN CUSTODY		2.053.865	89.752	2.143.617	1.854.976	256.182	2.111.158
4.1 Customers' securities held		-	-	-	-	-	-
4.2 Investment securities held in custody		53.414	89.752	143.166	101.463	256.182	357.645
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		2.000.451	-	2.000.451	1.753.513	-	1.753.513
V. PLEDGED ITEMS		20.595.003	87.930.136	108.525.139	14.028.396	64.070.805	78.099.201
5.1 Marketable securities		450.939	5.057.844	5.508.783	422.936	3.759.727	4.182.663
5.2 Guarantee notes		80.234	1.661.953	1.742.187	117.157	1.571.990	1.689.147
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		355.357	24.469.785	24.825.142	353.857	21.024.939	21.378.796
5.6 Other pledged items		19.708.473	56.740.554	76.449.027	13.134.446	37.714.149	50.848.595
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10.251.056	58.236.323	68.487.379	10.113.576	42.400.179	52.513.755
TOTAL OFF BALANCE SHEET ITEMS (A+B)		36.473.260	168.586.487	205.059.747	28.075.937	118.140.650	146.216.587

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	Note Ref.	Audited Current Period 1 January 2015 – 31 December 2015	Audited Prior Period 1 January 2014 – 31 December 2014
I. INTEREST INCOME	(1)	1.079.798	801.367
1.1 Interest on loans		661.749	503.328
1.2 Interest received from reserve deposits		1.235	53
1.3 Interest received from banks		3.459	1.096
1.4 Interest received from money market placements		95.685	14.318
1.5 Interest received from marketable securities portfolio		317.478	282.468
1.5.1 Financial assets held for trading		1.699	361
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		286.924	282.107
1.5.4 Investments held-to-maturity		28.855	-
1.6 Finance lease income		1	65
1.7 Other interest income		191	39
II. INTEREST EXPENSES	(2)	(454.727)	(255.135)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(174.152)	(108.961)
2.3 Interest on money market borrowings		(187.500)	(138.095)
2.4 Interest on securities issued		(92.869)	(8.025)
2.5 Other interest expense		(206)	(54)
III. NET INTEREST INCOME (I - II)		625.071	546.232
IV. NET FEES AND COMMISSIONS INCOME		11.418	11.164
4.1 Fees and commissions received		13.813	12.141
4.1.1 Non-cash loans		11.488	9.712
4.1.2 Other		2.325	2.429
4.2 Fees and commissions paid		(2.395)	(977)
4.2.1 Non-cash loans		(8)	(4)
4.2.2 Other		(2.387)	(973)
V. DIVIDEND INCOME	(3)	33.604	24.568
VI. NET TRADING INCOME	(4)	(1.983)	14.625
6.1 Securities trading gains/ (losses)		3.651	(1.605)
6.2 Derivative financial instruments gains/losses		(106.758)	(66.817)
6.3 Foreign exchange gains/losses (net)		101.124	83.047
VII. OTHER OPERATING INCOME	(5)	41.829	39.470
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		709.939	636.059
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(100.025)	(60.110)
X. OTHER OPERATING EXPENSES (-)	(7)	(101.459)	(114.271)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		508.455	461.678
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		508.455	461.678
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(101.610)	(92.404)
16.1 Provision for current income taxes	(9)	(76.641)	(120.210)
16.2 Provision for deferred taxes		(24.969)	27.806
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	406.845	369.274
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
18.3 Income on other discontinued operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3 Loss from other discontinued operations		-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)		-	-
21.1 Provision for current income taxes		-	-
21.2 Provision for deferred taxes		-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	406.845	369.274
Earnings / losses per share		0,232	0,211

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	Audited Current Period 1 January 2015– 31 December 2015	Audited Prior Period 1 January 2014– 31 December 2014
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(171.362)	141.163
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	32.014	-
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	(18.789)	(6.532)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	32.960	(27.922)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(125.177)	106.709
XI. CURRENT YEAR PROFIT/LOSS	406.845	369.274
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	8.756	(136)
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	398.089	369.410
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	281.668	475.983

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	Note Ref.	Paid in Capital	Other Capital Reserves	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / Loss	Prior Period Net Profit / Loss	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates, Subs and Jointly Controlled Entities	Hedging Reserves	Revaluation Surplus on Assets Held for sale and on Disc. Operations	Shareholders' Equity Before Non-controlling Interest	Non-Controlling Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDER'S EQUITY																			
I.	Prior Period – 31 December 2014																		
	Opening Balance	1.300.000	374	-	-	156.268	75.641	18.597	3.500	-	326.057	(4.673)	8.920	-	-	-	1.884.684	-	1.884.684
	Changes during the period																		
II.	Increase / Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities value increase fund	-	-	-	-	-	-	-	-	-	-	107.299	-	-	-	-	107.299	-	107.299
IV.	Hedging (Effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	(400)	-	400	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	200.000	-	-	-	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	200.000	-	-	-	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Effect of inflation on paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	(591)	-	-	-	-	-	-	-	(591)	-	(591)
XVII.	Period net income	-	-	-	-	-	-	-	-	369.274	-	-	-	-	-	-	369.274	-	369.274
XVIII.	Profit distribution	-	-	-	-	17.061	-	36.015	-	-	(125.657)	-	-	-	-	-	(72.581)	-	(72.581)
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(72.581)	-	-	-	-	-	(72.581)	-	(72.581)
18.2	Transfers to reserves	-	-	-	-	17.061	-	36.015	-	-	(53.076)	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance	1.500.000	374	-	-	173.329	75.641	54.612	2.909	369.274	-	102.626	9.320	-	-	-	2.288.085	-	2.288.085
Current Period – 31 December 2015																			
I.	Opening Balance	1.500.000	374	-	-	173.329	75.641	54.612	2.909	-	369.274	102.626	9.320	-	-	-	2.288.085	-	2.288.085
	Changes during the period																		
II.	Increase / Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities value increase fund	-	-	-	-	-	-	-	-	-	-	(158.398)	-	-	-	-	(158.398)	-	(158.398)
IV.	Hedging (Effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	(7.616)	-	38.028	-	-	-	30.412	-	30.412
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	2.427	-	-	-	-	2.427	-	2.427
IX.	Disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	250.000	-	-	-	-	-	-	-	-	(234.000)	-	(16.000)	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	250.000	-	-	-	-	-	-	-	-	(234.000)	-	(16.000)	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Effect of inflation on paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	(317)	-	-	-	-	-	(65)	-	-	-	-	-	-	-	(382)	-	(382)
XVII.	Period net income	-	-	-	-	-	-	-	-	406.845	-	-	-	-	-	-	406.845	-	406.845
XVIII.	Profit distribution	-	-	-	-	19.305	-	28.091	-	-	(127.658)	-	-	-	-	-	(80.262)	-	(80.262)
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(80.262)	-	-	-	-	-	(80.262)	-	(80.262)
18.2	Transfers to reserves	-	-	-	-	19.305	-	28.091	-	-	(47.396)	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance	1.750.000	57	-	-	192.634	75.641	82.703	2.844	406.845	-	(53.345)	31.348	-	-	-	2.488.727	-	2.488.727

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	Note Ref.	Audited Current Period 31 December 2015	Audited Prior Period 31 December 2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		1.175.212	289.917
1.1.1 Interest received		1.151.738	542.908
1.1.2 Interest paid		(404.465)	(235.955)
1.1.3 Dividends received		8.376	9.205
1.1.4 Fees and commissions received		13.813	12.141
1.1.5 Other income	(1)	123.966	19.538
1.1.6 Collections from previously written off loans		894	9.466
1.1.7 Payments to personnel and service suppliers		(66.336)	(57.844)
1.1.8 Taxes paid		(67.186)	(144.097)
1.1.9 Others	(1)	414.412	134.555
1.2 Changes in operating assets and liabilities		21.553	(534.180)
1.2.1 Net (increase) decrease in financial assets		(28.145)	-
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		(202)	-
1.2.4 Net (increase) decrease in loans		(1.258.836)	(1.833.960)
1.2.5 Net (increase) decrease in other assets	(1)	(492.869)	(191.931)
1.2.6 Net increase (decrease) in bank deposits		-	-
1.2.7 Net increase (decrease) in other deposits		-	-
1.2.8 Net increase (decrease) in funds borrowed		1.774.181	869.260
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	27.424	622.451
I. Net cash provided by/(used in) banking operations		1.196.765	(244.263)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(694.099)	(318.873)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(2)	-	(200)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	(3)	-	233
2.3 Fixed asset purchases	(2)	(19.687)	(6.689)
2.4 Fixed asset sales	(3)	11.477	2.935
2.5 Cash paid for purchase of financial assets available for sale		(1.550.781)	(1.460.647)
2.6 Cash obtained from sale of financial assets available for sale		859.363	1.145.838
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		5.832	-
2.9 Others	(2)	(303)	(343)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		845.485	733.572
3.1 Cash obtained from funds borrowed and securities issued		927.430	806.153
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(80.262)	(72.581)
3.5 Payments for finance leases		-	-
3.6 Other		(1.683)	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	43.025	5.105
V. Net increase / (decrease) in cash and cash equivalents		1.391.176	175.541
VI. Cash and cash equivalents at beginning of the period	(4)	261.102	85.561
VII. Cash and cash equivalents at end of the period	(4)	1.652.278	261.102

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	Audited Current Period 31 December 2015 (*)	Audited Prior Period 31 December 2014
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	508.455	461.678
1.2 TAXES AND DUTIES PAYABLE	(101.610)	(92.404)
1.2.1 Corporate Tax (Income tax)	(76.641)	(120.210)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(24.969)	27.806
A. NET INCOME FOR THE YEAR (1.1-1.2)	406.845	369.274
1.3 PRIOR YEARS LOSSES (-)(*)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	18.464
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	406.845	350.810
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	102.968
1.6.1 To owners of ordinary shares	-	102.968
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	7.207
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	1.201
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	203.032
1.9.1 To owners of ordinary shares	-	203.032
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (pre-emptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	841
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	27.945
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	7.616
II. DISTRIBUTION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (pre-emptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE(**)		
3.1 TO OWNERS OF ORDINARY SHARES	0,23	0,21
3.2 TO OWNERS OF ORDINARY SHARES (%)	23,25	21,10
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	0,20
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	20,40
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the Board of Directors has not prepared any proposal for profit distribution relating to the year 2015 yet, only profit available for distribution for the year 2015 is presented.

(**) A nominal value of 1 Kurus figures a share in unconsolidated income statement and unconsolidated statement of profit distribution and an earnings per share is calculated for a nominal value of 1 Kurus.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of financial statements:

As prescribed in the Article 37 of the Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“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 unconsolidated financial statements, the underlying explanations and disclosures are expressed in Thousands of Turkish Lira unless otherwise stated.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying 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 XXII.

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

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

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

The main sources of the funds of the Bank have variable interest rates. The financial balances are monitored frequently and 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 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 indebtedness 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.

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

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

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

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

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

A great majority of foreign currency available for sale securities are financed with foreign currency resources. Accordingly, the 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 eliminate the risk exposure of changes in cross currency parity.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward and option contracts and derivative instruments

The 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 Bank 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”.

When a derivative financial instrument, is 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%.

IV. Explanations on interest income and expenses

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

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

V. Explanations on fees and commission income and expenses

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets

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

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

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

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

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

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

Cash, Banks and Other Financial Institutions:

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

Marketable Securities:

The Bank classifies its marketable securities in 3 groups:

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

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

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

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

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfilment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using 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 unconsolidated financial statements.

Explanations on investments in associates and subsidiaries:

Investments in associates and subsidiaries are recognized within the scope of “TAS 27-Separate Financial Statements” and “TAS 28-Investments in Associates and Joint Ventures”. Investments in subsidiaries, whose shares are traded in an active market (stock market), are shown in the financial statements with their fair values by taking into account their prices recorded in the related market (stock market). Investments in subsidiaries and associates, whose shares are not traded in an active market (stock market), are followed at their cost of acquisition and these assets are shown in the financial statements with their cost values after the deduction of, if any, impairment losses.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

Loans:

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

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

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

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

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

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

VII. Explanations on impairment on financial assets

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment on financial assets (continued)

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

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

As a consequence of the regulation published in Official Gazette No. 28789 dated 8 October 2013 amending the “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, for the banks, of which the consumer loans exceed twenty five percent of total loans, general provision ratio is four percent for consumer loans which are followed under standard loans and receivables except housing loans; and is eight percent for the loans under close monitoring except housing loans. Since the consumer loans of the Bank are composed of personnel loans as of 31 December 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 Bank has started to calculate general loan loss provision thereby using the ratios after publishment date of the regulations.

VIII. Explanations on offsetting of financial assets and liabilities

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

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

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

The repurchase agreements of the Bank are based on the Eurobonds and government bonds issued by Republic of Turkey Undersecretariat of Treasury. 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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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on assets held for sale and discontinued operations

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

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

XI. Explanations on goodwill and other intangible assets

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the subsidiary or jointly controlled 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 cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on tangible assets

Tangible assets rather than real estate, 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.

As of the third quarter of the current year, the Bank changed its accounting policy and adopted revaluation method for land and buildings under scope of TAS 16. The useful life of real estates are mentioned in expertise reports. In case of the cost of tangible assets are over the net realizable value of the assets, within the framework of "Impairment of Assets" (TAS 36), the value of the asset is reduced to its "net realizable value" and the impairment is recognised in expense accounts. The positive difference between the net book value of real estate property and the expertise values which are determined by the independent expert companies are recognised under shareholders' equity. Related valuation models such as cost model, market value and discounted cash flow projections approaches are used in valuation of real estates.

There is no pledge, mortgage or any other lien on tangible assets. Tangible assets are depreciated with straight-line method and their useful lives are determined in accordance with the Turkish Accounting Standards. Depreciation rates and estimated useful lives of tangible assets are as follows.

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

XIII. Explanations on leasing transactions

The Bank as Lessor

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

The Bank as Lessee

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

XIV. Explanations on provisions and contingent liabilities

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on provisions and contingent liabilities (continued)

Explanations on contingent assets

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

XV. Explanations on liabilities regarding employee benefits

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

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee benefits (continued)

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28227 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 at the 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.

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2015 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 18 January 2016, as of 31 December 2015, there is no technical or actual shortage requiring provision.

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

XVI. Explanations on taxation

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

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

Deferred tax asset or liability is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and currently enacted tax rates are used to determine deferred tax on income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on taxation (continued)

Deferred tax asset is not allocated over the amount of general provisions and provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

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

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

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

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

Transfer pricing

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

XVII. Additional explanations on borrowings

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 Bank as of the period end and interest expense amounts of related period arising from borrowings are reflected in the financial statements.

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. 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 increase in paid-in capital was approved by the BRSA on 15 May 2015.

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.

XIX. Explanations on acceptances

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

XX. Explanations on government incentives

The Bank does not use government incentives.

XXI. Explanations on segment reporting

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXI. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	314.498	310.573	-	625.071
Net Fees and Commission Income	11.523	(23)	(82)	11.418
Other Income	843	2.353	74.589	77.785
Other Expense	(89.829)	(19.706)	(96.284)	(205.819)
Profit Before Tax	237.034	293.197	(21.776)	508.455
Tax Provision	-	-	-	(101.610)
Net Profit				406.845
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	13.675.479	6.471.096	309.303	20.455.878
Investment in Associates and Subsidiaries	-	-	278.707	278.707
Total Assets	13.675.479	6.471.096	588.010	20.734.585
Segment Liabilities	16.220.868	1.640.878	384.112	18.245.858
Shareholders' Equity	-	-	2.488.727	2.488.727
Total Liabilities	16.220.868	1.640.878	2.872.839	20.734.585

Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	332.850	213.382	-	546.232
Net Fees and Commission Income	9.794	1.370	-	11.164
Other Income	25.782	16.279	36.743	78.804
Other Expense	(73.457)	(12.168)	(88.897)	(174.522)
Profit Before Tax	294.969	218.863	(52.154)	461.678
Tax Provision				(92.404)
Net Profit				369.274
Prior Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	10.980.620	4.321.846	103.005	15.405.471
Investment in Associates and Subsidiaries	-	-	295.242	295.242
Total Assets	10.980.620	4.321.846	398.247	15.700.713
Segment Liabilities	10.856.683	2.219.230	336.715	13.412.628
Shareholders' Equity	-	-	2.288.085	2.288.085
Total Liabilities	10.856.683	2.219.230	2.624.800	15.700.713

XXII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated capital adequacy standard ratio

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

As of 31 December 2015, the Bank’s capital adequacy ratio in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 14,86%.

Information related to the unconsolidated capital adequacy standard ratio

Current Period	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	3.348.320	1.828.304	4.442.930	-	13.573.860	64	106
Risk Types							
Contingent and non-contingent claims on sovereigns	3.348.308	-	1.023.038	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	1.406	-	-
Contingent and non-contingent claims on multilateral development banks	-	-	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	-	1.561.692	1.476.340	-	14.565	-	-
Contingent and non-contingent claims on corporates	-	266.612	1.041.152	-	13.066.350	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	902.400	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by the board	-	-	-	-	-	64	106
Securities secured by mortgage	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-
Short-term claims on banks and intermediary institutions	-	-	-	-	-	-	-
Undertakings for collective investments in transferable securities	-	-	-	-	-	-	-
Other claims	12	-	-	-	491.539	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

Prior Period	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	3.013.478	896.971	2.352.327	-	10.931.575	41	5
Risk Types							
Contingent and non-contingent claims on sovereigns	3.012.857	-	542.331	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	213	-	-
Contingent and non-contingent claims on multilateral development banks	613	-	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-	-	-
Contingent and non-contingent claims on banks and capital market intermediary	-	477.873	634.522	-	-	-	-
Contingent and non-contingent claims on corporates	-	419.098	736.146	-	10.530.858	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	439.328	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by 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 Bank has no credit risk related to 10%, 250% and 1250% risk weight.

Summary information related to the unconsolidated capital adequacy standard ratio

	Current Period	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	1.292.904	982.976
Capital Requirement for Market Risk (CRMR)	45.963	27.906
Capital Requirement for Operational Risk (CROR)	75.964	65.693
Shareholders' Equity	2.628.841	2.434.434
Shareholders' Equity /((CRCR+CRMR+CROR) *12,5)*100)	14,86	18,09
Principal Capital /((CRCR+CRMR+CROR) *12,5)*100)	14,02	16,99
Core Capital/((CRCR+CRMR+CROR) *12,5)*100)	14,03	16,99

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity

	Current Period	Prior Period
TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	1.750.374	1.500.374
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	353.822	306.491
Other comprehensive income according to tas	90.614	128.770
Profit	406.845	369.274
Net current period profit	406.845	369.274
Prior period profit	-	-
Provisions for possible losses	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Tier I Capital Before Deductions	2.601.655	2.304.909
Deductions From Tier I Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to tas (-)	112.928	16.824
Leasehold improvements on operational leases (-)	6.268	745
Goodwill and intangible assets and related deferred tax liabilities (-)	686	690
Net deferred tax assets/liabilities (-)	1.149	-
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% of 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% of less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
Mortgage servicing rights exceeding the 10% threshold of Tier I capital (-)	-	-
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I capital (-)	-	-
Amount exceeding the 15% threshold of Tier I capital as per the article 2, clause 2 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% of 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 of Tier II capitals (-)	-	-
Total Regulatory Adjustments to Tier 1 Capital	121.031	18.259
Tier 1 Capital	2.480.624	2.286.650

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

	Current Period	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 of obtained after 1.1.2014)	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued of 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% of less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
The total of net long position of the direct of 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	2.480.624	2.286.650
TIER II CAPITAL		
Debt instruments and the related issuance premiums defined by the BRSA (issued of obtained after 1.1.2014)	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued of obtained before 1.1.2014)	-	23.050
Pledged assets of the shareholders to be used for the bank's capital increases	-	-
General provisions	150.329	125.194
Tier II Capital Before Deductions	150.329	148.244
Deductions From Tier II Capital		
Direct and indirect investments of the bank on its own Tier II capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% of less of the issued share capital exceeding the 10% threshold of above Tier II capital (-)	-	-
The total of net long position of the direct of indirect investments in additional core capital and Tier II capital of unconsolidated banks and financial institutions where the bank owns 10% of 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	150.329	148.244

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

	Current Period	Prior Period
CAPITAL	2.630.953	2.434.894
Loans granted against the articles 50 and 51 of the banking law (-)	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the banking law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	390	460
Loans to banks, financial institutions (domestic/foreign) of 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 II capital as per the temporary article 2, clause 2, paragraph (1) and (2) and temporary article 2, clause 1 of the regulation (-)	1.722	-
EQUITY	2.628.841	2.434.434
Amounts Lower Than Excesses As Per Deduction Rules		
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	22.047	19.363
Remaining total of net long positions of the investments in Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% or less of the Tier I capital	158.323	162.463
Remaining mortgage servicing rights	-	-
Net deferred tax assets arising from temporary differences	-	31.668

The tables of “Summary of Capital adequacy standard ratio”, “Insights of Owner’s equity components” and “Insights of Consolidated Owner’s equity components” stated in second paragraph of the article no.7 of the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures 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.

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

Components of items of shareholders' equity subject to temporary applications

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

	The Bank	
	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 (-)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014) (*)	23.050	115.250

(*) **Information about the debt instruments included in the equity calculation:** The subordinated borrowing, which the Bank used from the International Finance Corporation (IFC) through direct financing, has the approval of BRSA and considered under the temporary Article 4 even not having the conditions stated in Article 7 and Article 8 of the "Regulation on Equities of Banks". As of 31 December 2014, 20% of the subordinated borrowing amounting TL 115.250 (50 million US Dollar) is included in calculation of additional Tier II Capital.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

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

The evaluation of the Bank's internal capital adequacy assessment in terms of current and future activities is carried out within the framework of the principles identified at Capital Adequacy Policy approved in the Board of Directors meeting held on 26 March 2015. The Bank's internal capital adequacy assessment process is maintained on a consolidated annual basis and consolidated subsidiaries and affiliates are included to process.

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

The Bank's internal assessment process is risk-oriented and future-oriented. Current and future capital requirements are analyzed in accordance with the Bank's strategic objectives and anticipated capital costs, target capital levels and capital resources are taken into account.

Through the process of internal assessment, a general capital level and assessment are exhibited, the results and findings of the internal assessment process are taken into consideration in the process of assessment of the Bank's strategy and risk appetite.

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

II. Explanations related to credit risk

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

In accordance with Communiqué on Reserves;

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

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

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

Current Period	Risk Amount (*)	Average Risk Amount (**)
Contingent and non-contingent claims on sovereigns	4.642.482	4.174.017
Contingent and non-contingent claims on regional governments and local authorities	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	4.164	2.165
Contingent and non-contingent claims on multilateral development banks	-	2.130
Contingent and non-contingent claims on international organizations	-	-
Contingent and non-contingent claims on banks and capital market intermediary	5.828.435	5.216.632
Contingent and non-contingent claims on corporates	17.229.382	16.861.932
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-
Contingent and non-contingent claims secured by real estate property	902.620	493.554
Past due loans	-	-
Higher-risk categories defined by agency	170	78
Securities secured by mortgage	-	-
Securitization exposures	-	-
Short-term claims on banks and corporate	-	-
Undertakings for collective investments in transferable securities	-	-
Other claims	733.041	642.803

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

(**) Average risk amount are the arithmetical average of the amounts in monthly reports prepared starting from 1 January 2015 to the period end.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

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

Prior Period	Risk Amount (*)	Average Risk Amount (**)
Contingent and non-contingent claims on sovereigns	3.654.952	2.980.264
Contingent and non-contingent claims on regional governments and local authorities	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	1.086	2.469
Contingent and non-contingent claims on multilateral development banks	3.063	1.814
Contingent and non-contingent claims on international organizations	-	-
Contingent and non-contingent claims on banks and capital market intermediary	3.312.714	3.028.188
Contingent and non-contingent claims on corporates	14.395.427	12.987.062
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-
Contingent and non-contingent claims secured by real estate property	439.328	341.084
Past due loans	-	-
Higher-risk categories defined by agency	46	49
Securities secured by mortgage	-	-
Securitization exposures	-	-
Short-term claims on banks and corporate	-	-
Undertakings for collective investments in transferable securities	-	71.263
Other claims	407.921	361.912

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

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

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

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

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

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

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

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

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**INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK
MANAGEMENT (Continued)**

II. Explanations related to credit risk (continued)

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

The first 100 and 200 largest cash loans constitute 82,39% and 97,64% of the total cash loans portfolio of the Bank respectively (31 December 2014: 83,50% and 98,27%)

The first 100 and 200 largest non cash loans constitute 100% and 100% of the total non cash loans portfolio of the Bank respectively (31 December 2014: 100% and 100%).

The first 100 and 200 largest cash and non cash loans constitute 80,64% and 96,88% of the total on and off balance sheet accounts of the Bank respectively (31 December 2014: 81,66% and 97,58%)

The Bank calculated the general loan loss provision of TL 150.329 (31 December 2014: TL 125.194).

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Profile of Significant Exposures in Major Regions

Current Period	Risk Types (*)																Total
	Contingent and non-contingent claims on sovereigns	Contingent and non-contingent claims on regional governments and local authorities	Contingent and non-contingent claims on administrative units and non-commercial enterprises	Contingent and non-contingent claims on multilateral development banks	Contingent and non-contingent claims on international organizations	Contingent and non-contingent claims on banks and capital market intermediary	Contingent and non-contingent claims on corporates	Contingent and non-contingent claims included in the regulatory real estate portfolios	Contingent and non-contingent claims secured by residential property	Past due loans	Higher-risk categories defined by agency	Securities secured by mortgage	Securitization exposures	Short-term claims on banks and corporate	Undertakings for collective investments in transferable securities	Other claims	
Domestic	4.371.346	-	1.088	-	-	2.408.933	14.126.409	-	792.989	-	170	-	-	-	-	44.306	21.745.241
European Union (EU) Countries	-	-	-	-	-	389.437	-	-	-	-	-	-	-	-	-	10.121	399.558
OECD Countries (**)	-	-	-	-	-	4.116	-	-	-	-	-	-	-	-	-	-	4.116
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	86.129	-	-	-	-	-	-	-	-	-	-	86.129
Other Countries, Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	163.982	64.094	-	-	-	-	-	-	-	-	-	228.076
Unallocated Assets/Liabilities (***)	-	-	318	-	-	-	179.382	-	109.411	-	-	-	-	-	-	293.058	581.851
	-	-	-	-	-	-	4.229	-	-	-	-	-	-	-	-	144.066	148.613
Total	4.371.346	-	1.406	-	-	3.052.597	14.374.114	-	902.400	-	170	-	-	-	-	491.551	23.193.584

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Profile of Significant Exposures in Major Regions (continued)

Prior Period	Risk Types (*)																Total
	Contingent and non-contingent claims on sovereigns	Contingent and non-contingent claims on regional governments and local authorities	Contingent and non-contingent claims on administrative units and non-commercial enterprises	Contingent and non-contingent claims on multilateral development banks	Contingent and non-contingent claims on international organizations	Contingent and non-contingent claims on banks and capital market intermediary	Contingent and non-contingent claims on corporates	Contingent and non-contingent claims included in the regulatory real estate portfolios	Contingent and non-contingent claims secured by residential property	Past due loans	Higher-risk categories defined by agency	Securities secured by mortgage	Securitization exposures	Short-term claims on banks and corporate	Undertakings for collective investments in transferable securities	Other claims	
Domestic	3.555.188	-	6	-	-	879.987	11.434.898	-	431.865	-	46	-	-	-	-	44.219	16.346.209
European Union (EU) Countries	-	-	-	613	-	169.225	-	-	-	-	-	-	-	-	-	6.240	176.078
OECD Countries (**)	-	-	-	-	-	6.554	-	-	-	-	-	-	-	-	-	-	6.554
Off-Shore Banking Regions	-	-	-	-	-	-	1.022	-	-	-	-	-	-	-	-	-	1.022
USA, Canada	-	-	-	-	-	20.201	-	-	-	-	-	-	-	-	-	3.029	23.230
Other Countries	-	-	-	-	-	36.428	53.446	-	-	-	-	-	-	-	-	-	89.874
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	193.888	-	7.463	-	-	-	-	-	-	308.270	509.621
Unallocated Assets/Liabilities (***)	-	-	207	-	-	-	2.848	-	-	-	-	-	-	-	-	38.754	41.809
Total	3.555.188	-	213	613	-	1.112.395	11.686.102	-	439.328	-	46	-	-	-	-	400.512	17.194.397

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

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

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Risk profile by sectors or counterparties

Current Period	Risk Types (*)																TL	FC	Total
	Contingent and non-contingent claims on sovereigns	Contingent and non-contingent claims on regional governments and local authorities	Contingent and non-contingent claims on administrative units and non-commercial enterprises	Contingent and non-contingent claims on multilateral development banks	Contingent and non-contingent claims on international organizations	Contingent and non-contingent claims on banks and capital market intermediary	Contingent and non-contingent claims on corporates	Contingent and non-contingent claims included in the regulatory real estate portfolios	Contingent and non-contingent claims secured by residential property	Past due loans	Higher-risk categories defined by agency	Securities secured by mortgage	Securitization exposures	Short-term claims on banks and corporate	Undertakings for collective investments in transferable securities	Other claims			
Agriculture	-	-	-	-	-	-	1.503	-	-	-	-	-	-	-	-	379	1.882	-	1.882
Farming and Stockbreeding	-	-	-	-	-	-	1.503	-	-	-	-	-	-	-	-	-	1.503	-	1.503
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	379	379	-	379
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	10.078.630	-	73.658	-	-	-	-	-	-	5.692	952.397	9.205.583	10.157.980
Mining and Quarrying	-	-	-	-	-	-	113.825	-	-	-	-	-	-	-	-	-	-	113.825	113.825
Production	-	-	-	-	-	-	2.990.125	-	47.858	-	-	-	-	-	-	5.692	383.402	2.660.273	3.043.675
Electricity, Gas and Water	-	-	-	-	-	-	6.974.680	-	25.800	-	-	-	-	-	-	-	568.995	6.431.485	7.000.480
Construction	-	-	-	-	-	-	224.013	-	-	-	-	-	-	-	-	-	31.091	192.922	224.013
Services	820.639	-	1.088	-	-	3.052.597	3.963.159	-	814.464	-	-	-	-	-	-	337.246	2.253.848	6.735.345	8.989.193
Wholesale and Retail Trade	-	-	-	-	-	-	309.084	-	9.915	-	-	-	-	-	-	-	3.834	315.165	318.999
Accommodation and Dining	-	-	-	-	-	-	399.856	-	198.718	-	-	-	-	-	-	-	2.017	596.557	598.574
Transportation and Telecommunication	-	-	-	-	-	-	882.872	-	-	-	-	-	-	-	-	1.555	1.555	882.872	884.427
Financial Institutions	820.639	-	1.088	-	-	3.052.597	1.371.874	-	109.411	-	-	-	-	-	-	335.312	2.200.035	3.490.886	5.690.921
Real Estate and Rental Services	-	-	-	-	-	-	61.059	-	490.661	-	-	-	-	-	-	-	473	551.247	551.720
Professional Services	-	-	-	-	-	-	615.246	-	-	-	-	-	-	-	-	379	36.736	578.889	615.625
Educational Services	-	-	-	-	-	-	156.633	-	5.759	-	-	-	-	-	-	-	6.142	156.250	162.392
Health and Social Services	-	-	-	-	-	-	166.535	-	-	-	-	-	-	-	-	-	3.056	163.479	166.535
Others	3.550.707	-	318	-	-	-	106.809	-	14.278	-	170	-	-	-	-	148.234	2.628.440	1.192.076	3.820.516
Total	4.371.346	-	1.406	-	-	3.052.597	14.374.114	-	902.400	-	170	-	-	-	-	491.551	5.867.658	17.325.926	23.193.584

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Risk profile by sectors or counterparties (continued)

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Analysis of maturity-bearing exposures according to remaining maturities

Risk Types	Term to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Contingent and Non-Contingent Claims on Sovereigns	802.706	49.995	-	274.334	3.177.749
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	1.086	-	-	-	296
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	1.912.409	45.773	179.201	63.333	651.939
Contingent and Non-Contingent Claims on Corporates	364.812	421.254	441.073	1.226.863	11.774.514
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	109.411	494	-	58.274	734.221
Past Due Loans	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	170
Securities Secured by Mortgage	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Claims on Banks and Corporate Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-
Other Claims	5.376	5.068	-	10.017	69.988
Total	3.195.800	522.584	620.274	1.632.821	16.408.877

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

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

Risk Types	Term to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Contingent and Non-Contingent Claims on Sovereigns	602.016	13.316	33.390	81.398	2.766.171
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	9	1	4	11	183
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	382.268	18.011	85.762	82.418	362.227
Contingent and Non-Contingent Claims on Corporates	516.163	373.384	258.321	747.134	9.671.369
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	693	-	438.635
Past Due Loans	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-
Securities Secured by Mortgage	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-
Other Claims	4.607	-	-	9.181	25.649
Total	1.505.063	404.712	378.170	920.142	13.264.234

Information on risk types

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Information on risk types (continued)

In determination of risk weights for exposures on capital adequacy calculation of the Bank, ratings are used given by Fitch Ratings Rating Agency. The table related to mapping of the ratings given by Fitch Ratings' International Rating Agency as per credit quality grades and risk weights used in the calculations, is as follows:

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

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Information on risk types (continued)

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

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

Exposures by risk weights

Current Period										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deducted from Equity
Exposures Before Credit Risk Mitigation (*)	3.496.034	-	3.860.136	3.884.700	-	14.518.837	64	106	-	123.143
Exposures After Credit Risk Mitigation	3.348.320	-	1.828.304	4.442.930	-	13.573.860	64	106	-	123.143

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Exposures by risk weights (continued)

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

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

Information of major sectors or type of counterparties

Current Period	Loans		Value Adjustments	Provisions
Major Sectors / Counterparties	Impaired Loans	Past Due Loans		
Agriculture	3.446	-	-	(3.446)
Farming and Stockbreeding	3.446	-	-	(3.446)
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	46.439	11.293	-	(46.439)
Mining and Quarrying	193	-	-	(193)
Production	8.368	-	-	(8.368)
Electricity, Gas and Water	37.878	11.293	-	(37.878)
Construction	9.520	3.848	-	(9.520)
Services	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Accommodation and Dining	-	-	-	-
Transportation and Telecommunication	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Others	-	-	-	-
Total	59.405	15.141	-	(59.405)

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Information of major sectors or type of counterparties (continued)

Prior Period	Loans			
Major Sectors / Counterparties	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
Agriculture	3.433	-	-	(3.433)
Farming and Stockbreeding	3.433	-	-	(3.433)
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	8.617	44.689	-	(8.617)
Mining and Quarrying	192	-	-	(192)
Production	8.425	-	-	(8.425)
Electricity, Gas and Water	-	44.689	-	-
Construction	4.886	11.913	-	(4.886)
Services	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Accommodation and Dining	-	-	-	-
Transportation and Telecommunication	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Others	-	-	-	-
Total	16.936	56.602	-	(16.936)

Information related with value adjustments and loan loss provisions

Current Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Specific Provisions	16.936	43.392	923	-	59.405
General Loan Loss Provision	125.194	25.135	-	-	150.329

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Cash credit quality per class of financial assets as of 31 December 2015 is as follows;

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	13.660.338	15.141	13.675.479
Corporate Loans	11.491.571	3.848	11.495.419
Loans to SME	2.168.539	11.293	2.179.832
Consumer Loans	228	-	228
Other	-	-	-
Receivables from Leasing Transactions	-	-	-
Total	13.660.338	15.141	13.675.479

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

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	10.924.018	56.602	10.980.620
Corporate Loans	9.192.534	11.913	9.204.447
Loans to SME	1.731.353	44.689	1.776.042
Consumer Loans	131	-	131
Other	-	-	-
Receivables from Leasing Transactions	-	-	-
Total	10.924.018	56.602	10.980.620

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

Basic Loan Quality Categories	Current Period	Prior Period
Top Grade	688.490	480.487
High Grade	3.338.731	2.245.543
Average Grade	6.760.088	6.280.936
Below Average Grade	4.463.785	2.899.642
Impaired	60.572	16.936
Total	15.311.666	11.923.544

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

As of the reporting date, the total of the Bank's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TL 15.517.550 and TL 205.884 of these customers have not been rated (31 December 2014: TL 12.450.625, TL 527.081).

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	274.324	278.313
Corporate Loans	128.998	120.550
Loans to SME	145.326	157.763
Consumer Loans	-	-
Other	-	-
Total	274.324	278.313

III. Explanations related to the market risk

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

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

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

1.a Information related to the market risk:

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard	26.901	14.030
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	3	3
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	2.716	7.328
(IV) Capital Requirement to be Employed for Commodity Risk - Standard	-	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	-	2
(VII) Counterparty credit risk capital requirement - Standard method	16.343	6.543
(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	45.963	27.906
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	574.538	348.825

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to the market risk (continued)

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

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	22.419	27.209	15.118	9.289	14.033	6.033
Common Stock Risk	1	16	-	-	2	-
Currency Risk	6.807	10.920	2.716	5.155	7.328	2.376
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	303	675	-	148	898	-
Counterparty Credit Risk	13.403	19.913	8.021	5.265	6.543	3.984
Total Value At Risk	42.933	58.733	25.855	19.857	28.804	12.393

2. Explanation related to counter party risk

The Bank gives long term, medium term and short term loans within principles and limits determined by the Board of Directors according to the Banking Law. Loan transactions includes all manner of lending type about financing investments and need to working capital of firms, domestic and foreign loan participation from primary and secondary market, underwriting to purchase and sell of bond and legal instruments that will issued, provide APEX loan facilities to banks and financial institutions by leasing, treasury derivative transaction within limits assigned to firms, export-import transactions, treasury, money and capital market and derivative transaction within limits in countenance of financial institutions (Counterparties). Project guarantee, mortgage, personnel guarantee, company guarantee, cheques and notes, cash blockage, stock and security pledges could be taken on Treasury, Money and Capital Market and Derivative transaction within limits in countenance of non-financial institutions (Counterparties). On Treasury, Money and Capital Market transaction within limits in countenance of financial institutions (Counterparties) guarantee is not taken and on derivative transactions collateral netting is applied for the firms that signed CSA agreements based on daily derivative valuation. The provision is reserved in accordance with “Substance of the Procedures and Principles Related to Determination of Loans and Other Receivables by the Banks and Allocation of Provision for Those” and international practices.

Quantitative information related to counterparty risk

	Current Period	Prior Period
Interest Rate Contracts	80.574	29.595
Foreign Exchange Rate Contracts	214.079	94.474
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Values	294.653	124.069
Net-off Benefits	-	-
Net-off Current Risk Amount	294.653	124.069
Collaterals Received	15.379	7.607
Net Derivative Position	279.274	116.462

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to the market risk (continued)

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

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

Other price risks

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

Equity shares price sensitivity

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

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

The Bank classifies its equity investments both as held for trading and available for sale investments. Therefore, the net profit/loss is not affected as long as the Bank does not sell its equity investments classified as available for sale investments. According to the analysis results under these assumptions; profit/loss will increase/decrease by TL 4.575 (2014: TL 4.556 increase/decrease). In current period, there is no stock classified in trading book of the Bank (2014: None).

IV. Explanations related to operational risk

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

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

	31 December 2012	31 December 2013	31 December 2014	Total/No. of years of positive gross	Rate (%)	Total
Gross Income	449.943	490.507	578.826	506.425	15	75.964
Value at Operational Risk (Total*12,5)						949.550

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SECTION FOUR (Continued)

**INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK
MANAGEMENT (Continued)**

V. Explanations related to currency risk

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

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

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

	1 US Dollar	1 Euro
The Bank's "Foreign Exchange Valuation Rate"		
31 December 2015	2,8950	3,1642
<u>Prior Five Workdays:</u>		
30 December 2015	2,8900	3,1582
29 December 2015	2,8800	3,1608
26 December 2015	2,8900	3,1700
25 December 2015	2,8900	3,1700
24 December 2015	2,8950	3,1648

Simple arithmetic thirty-day averages of the US Dollar and Euro buying rates of the Bank before the reporting date are full TL 2,8890 and 3,1476; respectively.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

Information on the Bank's foreign currency risk :

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	156.464	525.002	89.210	770.676
Banks	160.314	372.847	1.344	534.505
Financial Assets at Fair Value Through Profit and Loss (*)	16.969	24.256	5.311	46.536
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	34.650	813.169	-	847.819
Loans (**)	4.971.177	7.703.852	-	12.675.029
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Held-To-Maturity Investments	-	157.408	-	157.408
Derivative Financial Assets for Hedging Purposes	-	4.093	-	4.093
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	6	180.791	-	180.797
Total Assets	5.339.580	9.781.418	95.865	15.216.863
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	23.227	22.767	-	45.994
Funds Provided From Other Financial Institutions	5.632.602	7.616.184	-	13.248.786
Marketable Securities Issued	-	2.037.571	-	2.037.571
Miscellaneous Payables	7.929	16.144	31	24.104
Derivative Financial Liabilities for Hedging Purposes	-	5.799	-	5.799
Other Liabilities (****)	25.083	26.209	4.421	55.713
Total Liabilities	5.688.841	9.724.674	4.452	15.417.967
Net Balance Sheet Position	(349.261)	56.744	91.413	(201.104)
Net Off-Balance Sheet Position	356.414	(47.227)	(89.210)	219.977
Financial Derivative Assets	967.421	1.807.942	122.609	2.897.972
Financial Derivative Liabilities	(611.007)	(1.855.169)	(211.819)	(2.677.995)
Non-Cash Loans (*****)	800.762	579.223	11.880	1.391.865
Prior Period				
Total Assets	3.761.872	7.251.694	75.873	11.089.439
Total Liabilities	4.260.541	6.850.330	-	11.110.871
Net Balance Sheet Position	(498.669)	401.364	75.873	(21.432)
Net Off –Balance Sheet Position	497.907	(344.066)	(74.677)	79.164
Financial Derivative Assets	793.853	699.758	63.998	1.557.609
Financial Derivative Liabilities	(295.946)	(1.043.824)	(138.675)	(1.478.445)
Non-Cash Loans (*****)	370.142	640.324	10.756	1.021.222

(*) Exchange rate differences arising from derivative transactions amounting to TL 113.250 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended include TL 1.413.772 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 261 have not been included in "Other Assets".

(****) Marketable securities valuation decrease fund amounting to TL 11.288 and exchange rate differences arising from derivative transactions amounting to TL 103.772 have not been included in "Other Liabilities". Borrower funds amounting TL 28.987 based on foreign currencies have been included in "Other Liabilities".

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

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

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

	Increase in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity(**)	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10	173	879	779	4.851
Euro	10	511	(317)	205	241
Other	10	220	120	-	-

	Decrease in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity(**)	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10	(173)	(879)	(779)	(4.851)
Euro	10	(511)	317	(205)	(241)
Other	10	(220)	(120)	-	-

(*) Values expressed are before the tax effect.

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

Forward foreign exchange contracts

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

VI. Explanations related to interest rate risk

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

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

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

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

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	565.428	-	-	-	-	245.686	811.114
Banks	524.671	-	-	-	-	10.158	534.829
Financial Assets at Fair Value Through Profit and Loss	22.999	35.528	91.114	18.970	28.604	-	197.215
Money Market Placements	895.256	185.018	-	-	-	-	1.080.274
Available-for-Sale Financial Assets	400.458	297.496	921.268	743.477	571.249	37.021	2.970.969
Loans	2.180.398	4.096.269	5.490.171	1.563.995	344.646	-	13.675.479
Held-to-Maturity Investments	168.466	508.599	38.129	-	157.408	-	872.602
Other Assets	-	978	3.115	-	-	588.010	592.103
Total Assets	4.757.676	5.123.888	6.543.797	2.326.442	1.101.907	880.875	20.734.585
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.168.420	1.061	-	-	-	-	2.169.481
Miscellaneous Payables	-	-	-	-	-	117.245	117.245
Marketable Securities Issued	-	-	-	2.037.571	-	-	2.037.571
Funds Provided from Other Financial Institutions	3.696.375	4.450.339	2.678.612	1.008.670	1.610.791	-	13.444.787
Other Liabilities (**)	53.166	43.100	86.427	18.731	8.483	2.755.594	2.965.501
Total Liabilities	5.917.961	4.494.500	2.765.039	3.064.972	1.619.274	2.872.839	20.734.585
Balance Sheet Long Position	-	629.388	3.778.759	-	-	-	4.408.147
Balance Sheet Short Position	(1.160.285)	-	-	(738.530)	(517.367)	(1.991.965)	(4.408.147)
Off-Balance Sheet Long Position	-	-	430.571	-	-	-	430.571
Off-Balance Sheet Short Position	(377.616)	(91.039)	-	(1.081)	(6.715)	-	(476.451)
Total Position	(1.537.901)	538.349	4.209.330	(739.611)	(524.082)	(1.991.965)	(45.880)

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	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	-	0,27	-	2,42
Banks	0,53	0,92	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	9,28
Money Market Placements	-	-	-	12,92
Available-for-Sale Financial Assets	5,62	4,87	-	10,38
Loans	3,54	4,70	-	11,98
Held-to-Maturity Investments	-	6,00	-	10,04
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,51	0,50	-	10,26
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,24	-	-
Borrower Funds	0,50	0,50	-	6,00
Funds Provided From Other Financial Institutions	0,88	1,60	-	9,83

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	31.628	-	-	-	-	476.160	507.788
Banks	94.854	20.201	-	-	-	7.263	122.318
Financial Assets at Fair Value Through Profit and Loss	4.985	13.620	53.326	-	-	-	71.931
Money Market Placements	65.831	39.082	-	-	-	-	104.913
Available-for-Sale Financial Assets	701.993	733.138	918.699	606.103	521.916	33.047	3.514.896
Loans	2.109.855	3.596.176	3.911.384	1.163.684	199.521	-	10.980.620
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	398.247	398.247
Total Assets	3.009.146	4.402.217	4.883.409	1.769.787	721.437	914.717	15.700.713
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.071.750	90.744	-	-	-	-	2.162.494
Miscellaneous Payables	-	-	-	-	-	84.547	84.547
Marketable Securities Issued	-	-	-	813.824	-	-	813.824
Funds Provided from Other Financial Institutions	2.873.602	3.509.832	2.226.483	466.065	919.701	-	9.995.683
Other Liabilities (**)	53.463	4.577	43.289	-	2.583	2.540.253	2.644.165
Total Liabilities	4.998.815	3.605.153	2.269.772	1.279.889	922.284	2.624.800	15.700.713
Balance Sheet Long Position	-	797.064	2.613.637	489.898	-	-	3.900.599
Balance Sheet Short Position	(1.989.669)	-	-	-	(200.847)	(1.710.083)	(3.900.599)
Off-Balance Sheet Long Position	56.347	11.103	-	504.062	-	-	571.512
Off-Balance Sheet Short Position	-	-	(562.581)	-	(165.518)	-	(728.099)
Total Position	(1.933.322)	808.167	2.051.056	993.960	(366.365)	(1.710.083)	(156.587)

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

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

	Euro	US Dollar	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	1,44
Banks	-	0,46	-	9,96
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	9,00
Available-for-Sale Financial Assets	5,60	5,88	-	9,72
Loans	3,85	4,33	-	10,06
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,50	0,68	-	9,95
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,38	-	-
Borrower Funds	0,50	0,50	-	6,00
Funds Provided From Other Financial Institutions	0,92	1,24	-	7,29

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, all Derivatives Instruments except recorded in trading book accounts. In this nature, FR400AS in the mandatory report list of BRSA is prepared and reported monthly.

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

Current Period	Applied Shock	Revenue/ Loss	Revenue/Shareholders' Equity –
Currency	(+/- x basis point)		Loss / Shareholders' Equity
TL	+500 / (400) basis point	(109.504) / 101.850	(%4,16) / %3,87
Euro	+200 / (200) basis point	24.347 / (16.939)	%0,93 / (%0,64)
US Dollar	+200 / (200) basis point	(33.352) / 29.108	(%1,27) / %1,11
Total (for Negative Shocks)		114.019	%4,34
Total (for Positive Shocks)		(118.509)	(%4,50)

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

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

Interest rate sensitivity

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

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

The Bank's interest rate sensitivity is calculated according to the market risk related to assets and liabilities. In this context, at the reporting date, if interest rates had been 1 bp higher for TL and foreign currency and all other variables were held constant, the net decrease on the profit and shareholders' equity would have been TL 6.258 and if interest rates had been 1 bp lower for TL and foreign currencies, the net increase on the profit and shareholders' equity change would have been TL 12.693.

The Bank's available for sale portfolio in the current period increased approximately by 17% compared to prior period and the market value increased approximately by 16%. In addition to this, foreign exchange assets in the Bank's portfolio are approximately 29% of the portfolio in the current period while this ratio was 16% in the prior period in terms of fair value.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to stock position risk

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

Equity shares are recognized at fair value in accordance with “TAS 39- Financial Instruments: Recognition and Measurement”. Equity shares, 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 the deduction of impairment provisions, if any.

Equity shares risk due from banking book

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

Current Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	154.965	-	154.965
Quoted	154.965	-	154.965
Investment in Shares-Grade B	62.695	-	62.695
Quoted	62.695	-	62.695

Prior Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	239.212	-	239.212
Quoted	239.212	-	239.212

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

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	(23.316)	-	-	(39.666)	(39.666)	-
Other Share Certificates	-	3.880	3.880	-	-	-
Total	(23.316)	3.880	3.880	(62.982)	(39.666)	-

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to stock position risk (continued)

Equity shares risk due from banking book (continued)

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

VIII. Explanations related to the liquidity risk

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

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

As seen on interest rate risk tables, the difference in interest rates of assets and liabilities is in favour of the assets. Such mismatch positively affects the profitability and is checked by the Bank Management with regular reports. The difference in interest rates of assets and liabilities are on behalf of assets as can be seen from the table of interest rate risk. The inconsistency positively affects the profitability and is controlled by the management with regular reports. The Bank meets its short term liquidity requirements with repurchase agreements and inter-bank money market operations. The Bank may also use its available for sale portfolio for urgent liquidity requirement. The Bank meets its long term liquidity needs from the international institutions through borrowings. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. For the purposes of monitoring and assessing the liquidity position of the Bank's assets and liabilities, the liquidity rate is weekly calculated. The ratio during the year 2015 and 2014 are as follows:

	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Current Period				
Average (%)	241,10	163,89	218,74	150,46
Prior Period				
Average (%)	113,68	131,29	108,10	127,81

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Liquidity risk management and liquidity coverage ratio

I. Explanations related to the liquidity risk:

1.a Informations about the governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the board of directors

Bank's risk capacity for liquidity risk is determined by Bank's internal limits and the regulations on liquidity coverage ratio and liquidity adequacy. As per The Regulation on The Calculation of Liquidity Coverage Ratio, minimum limits of 100% and 80% are assigned on consolidated and nonconsolidated basis respectively for total and foreign currency limits while the implementation process is identified by BRSA as setting the limits respectively as 60% and 40% for 2015 and increasing 10 pts per year until 2019 whereas applying this limit as zero per cent for development and investment banks until 2017.

As per the regulation on liquidity adequacy, development and investment banks, including TSKB, are subject to maintaining the liquidity adequacy ratios above 100% and 80% respectively for total and foreign currency limits both on weekly and monthly basis. In addition, the calculated daily over stock values regardless of maturity ratios' basic arithmetic mean includes 14 days may not be less than 7%.

Regarding it's risk appetite, in addition to legal limits, Bank also applies internal limits for monitoring and controlling the liquidity risk. In this context, it is limited by minimum 25% for the ratio of cash inflow to cash outflow, and by minimum 20% for the ratio of the difference between total inflow and total outflow to total asset. It is determined minimum limit as 15% for Liquidity ratio (Liquid Asset/ Total Asset). Also for liquidity adequacy ratios on weekly and monthly basis, the internal limit is set as 110% that is 10% above legal limit.

Internal limits are applied on concentrations basis for single currency, single security and single instrument for the Bank's Treasury placements within Treasury Risk Limits, in purpose of decreasing the liquidity risk related to concentration risk.

Liquidity risk management is conducted by Treasury department in line with the strategies set by Asset and Liability Committee within The Risk Management Policies approved by Board of Directors, and is monitored through reportings from Risk Management, Budget Planning and Financial Control Departments to Audit Committee, Board of Directors, Senior Management and relevant departments.

Asset and Liability Committee has the responsibility of taking the relevant decisions regarding optimal balance sheet management, monitoring the implementations and functions under The General Instruction of Asset and Liability Committee Duties and Responsibilities. The committee that constitutes of Chief Executive Officer, Executive Vice Presidents of Corporate Banking, Treasury, Budget Planning and Department Heads of Corporate Banking, Project Finance, Treasury, Development Finance Institutions, Financial Institutions and Budget Planning and Investor Relations evaluates the market, regulations, cashflow and asset and liability management on monthly basis. Budget Planning and Investor Relations Department is responsible for consolidating the reports to be submitted to Committee, organizing, having signed and archiving the Committee moments and informing the Committee members. Beside Budget Planning and Investor Relations Departments, Financial Institutions, Credit Operations, Treasury and Capital Markets Operations, Treasury and Risk Management Departments are also responsible from submitting concerning reports.

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VIII. Explanations related to the liquidity risk (continued)

Liquidity risk management and liquidity coverage ratio (continued)

I. Explanations related to the liquidity risk: (continued)

1.a Informations about the governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the Board of Directors (continued)

Bank cash management process connotes, within the precedence of fulfilling the future financial obligations and subsequent to credit, placement and borrowing activities, the utilization of the cash position with the highest return in line with the Bank policies and during the liquidity shortfall periods providing funding from the market with the most convenient and low-cost product. Treasury Department carries out this responsibility within the scope of Bank policies, decisions taken in Asset Liability Committees and the limits supplied by Board of Directors. In liquidity shortfall periods, Treasury Department is entitled to provide funding through money market transactions, secured lending or repo transactions. In case of funding except with those products, borrowing transactions are executed with the cooperation of Treasury and Financial Institutions Departments.

Risk Management Department reports to Board of Directors and Asset and Liability Committee on monthly basis regarding the liquidity gap, the legal limits and the internal limits assigned by Board of Directors. Also liquidity stress tests are performed based on various scenarios and reported with their impact on legal limit utilization. Committee evaluates the Bank's one year-term cash position under several assumptions and loan facility projections on monthly basis, it determines strategy for fulfilling its financial obligations timely and utilizing the idle funds efficiently.

MIS reportings for Treasury Department are conducted by Treasury Control Unit under Budget Planning and Investor Relations Department. Within this scope Treasury Control Unit shares liquidity projections for following week's and three months' cashflows on weekly basis. On monthly basis, cashflow projections on local currency and foreign currency are reported to Asset Liability Committee.

1.b Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries

There is no liquidity management structure requiring centralization between the Bank and its subsidiaries.

1.c Information on the Bank's funding strategy including the policies on funding types and variety of maturities

Among the main funding sources of the Bank there are investment bank loans, capital market transactions, syndication loans, DFIs, repo transactions and money market transactions and for minimizing the liquidity risk, diversification on maximum scale with those products within the market conditions is pursued. The funding planning based on those loans is performed long term such as a minimum of one year and the performance is monitored by Asset Liability Committee.

1.ç Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:

Within the scope of Bank's balance sheet management, local currency and foreign currency cashflows are monitored diversely. On principal, open position risk is managed actively as a part of liquidity risk management and in context of this strategy required hedging transactions are executed by Treasury Department.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Liquidity risk management and liquidity coverage ratio (continued)

I. Explanations related to the liquidity risk: (continued)

1.d Information on liquidity risk mitigation techniques:

Liquidity limits are defined for the purpose of monitoring and keeping the risk under predefined boundaries. The Bank monitors those limits' utilization and informs Board of Directors, Bank Senior Management and relevant departments regularly. Pursuant to that, the ratio of cash inflows to cash outflows within three months' term is limited to at least 25% whereas for the same term the ratio of the difference between total inflows and total outflows to total assets is limited to at most 20%. The base limit for Liquidity Ratio (Liquid Assets/Total Assets) is defined as 15%. Within those limits, Treasury Department performs the required transactions with the relevant cost and term composition under market conditions from the sources previously defined in Article C. Adequate limits to be utilized in a contingent case remains at the disposal before legal authority.

1.e Information on the use of stress tests:

As part of liquidity stress tests, Bank's compatibility with the legal limits under stress conditions is subject to probe. The legal limits assigned for liquidity risk management consists of five ratios derived from The Regulation on Liquidity Adequacy Ratio and liquidity coverage ratio derived from The Regulation on Liquidity Coverage Ratio. Stress tests are performed over those ratios' calculations by practicing liquidity shocks while assuming that the nonshocked components are held constant. Among liquidity stress tests, the risks arising from funding, intraday liquidity, marketable securities and concentration are addressed. Subject to those, the scenarios of possible funding shortage in Interbank Money Market, liquidity shortage that may arise in private sector and the risk originating from loan portfolio due to the concentration risk are applied separately on overall portfolio of the Bank.

1.f General information on urgent and unexpected liquidity situation plans:

There is a Contingency Funding Plan for the contingent periods that arises beyond Bank's control. In a potential liquidity shortfall, Treasury Department is responsible from assessment, taking relevant actions and informing Asset and Liability Committee. In contingent cases, to identify the liquidity risk arising, cashflow projections and funding requirement estimations are exercised based on various scenarios. To assess the stress scenarios, cashflow in terms of local currency is monitored regularly by Treasury Department. Scenario analysis on Bank's unencumbered sources are conducted daily. Transaction limits for organized markets are monitored timely and essential collateral amount to trade in those markets is withheld at hand. Repo transactions and/or available for sale portfolio securities in local and foreign currency that are major funding sources in shortfall periods for the Bank are monitored consistently. In contingent periods outflows due to the irrevocable commitments, contingencies and derivative transactions can be deferred temporarily in a way that won't hurt the Bank's reputation. TSKB has the optionality of choosing one or more of the following for meeting it's liquidity requirement that are selling liquid assets off, increasing short term borrowing, decreasing illiquid assets, increasing capital.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Liquidity risk management and liquidity coverage ratio (continued)

II. Liquidity Coverage Ratio

According to regulations which is published on 28948 numbered gazette on 21 March 2014 related to calculation of liquidity coverage ratio of banks, calculated liquidity coverage ratios are shown below. Including the reporting period for the last three months consolidated foreign currency and total liquidity coverage ratio and unconsolidated foreign currency and total liquidity coverage ratio's minimum and maximum levels are shown below by specified thereby weekly.

Current Period	Total Unweighted Amounts		Total Weighted Amounts	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets			702.829	595.565
CASH OUTFLOWS				
2 Retail and small business customer deposits	-	-	-	-
3 Stable deposits	-	-	-	-
4 Less stable deposits	-	-	-	-
5 Unsecured funding other than retail and small business customers deposits	380.642	312.240	339.682	272.226
6 Operational deposits	36.351	35.089	9.088	8.772
7 Non-operational deposits	-	-	-	-
8 Other unsecured funding	344.291	277.151	330.594	263.454
9 Secured funding	-	-	-	-
10 Other cashflows	1.406.094	1.235.636	1.406.094	1.235.636
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.406.094	1.235.636	1.406.094	1.235.636
12 Debts related to structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.859.646	1.309.966	92.982	65.498
15 Other irrevocable or conditionally revocable commitments	4.150.603	3.870.174	582.833	549.546
16 TOTAL CASH OUTFLOWS			2.421.591	2.122.906
CASH INFLOWS				
17 Secured lending transactions	-	-	-	-
18 Unsecured lending transactions	1.450.121	374.545	1.298.288	276.759
19 Other contractual cash inflows	1.411.050	471.608	1.409.348	471.408
20 TOTAL CASH INFLOWS	2.861.171	846.153	2.707.636	748.167
			Total Adjusted Value	
21 TOTAL HIGH QUALITY LIQUID ASSETS			702.829	595.565
22 TOTAL NET CASH OUTFLOWS			605.398	1.374.739
23 LIQUIDITY COVERAGE RATIO (%)			116	43

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VIII. Explanations related to the liquidity risk (continued)

Liquidity risk management and liquidity coverage ratio (continued)

II. Liquidity Coverage Ratio (continued)

Önceki Dönem	Total Unweighted Amounts		Total Weighted Amounts	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets			799.397	357.759
CASH OUTFLOWS				
2 Retail and small business customer deposits	-	-	-	-
3 Stable deposits	-	-	-	-
4 Less stable deposits	-	-	-	-
5 Unsecured funding other than retail and small business customers deposits	422.772	229.229	541.976	207.826
6 Operational deposits	140.936	48.411	110.823	18.334
7 Non-operational deposits	255.441	161.570	326.409	162.220
8 Other unsecured funding	26.395	19.248	104.744	27.272
9 Secured funding			-	-
10 Other cashflows	952.273	777.925	952.273	776.960
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	952.273	777.925	952.273	776.960
12 Debts related to structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	630.551	447.160	80.959	54.646
15 Other irrevocable or conditionally revocable commitments	3.351.408	2.588.909	332.563	253.686
16 TOTAL CASH OUTFLOWS			1.907.771	1.293.118
CASH INFLOWS				
17 Secured lending transactions	-	-	-	-
18 Unsecured lending transactions	620.546	217.938	502.607	145.087
19 Other contractual cash inflows	1.041.095	865.037	1.041.095	865.037
20 TOTAL CASH INFLOWS	1.661.641	1.082.975	1.543.702	1.010.124
			Total Adjusted Value	
21 TOTAL HIGH QUALITY LIQUID ASSETS			799.397	357.759
22 TOTAL NET CASH OUTFLOWS			476.943	323.280
23 LIQUIDITY COVERAGE RATIO (%)			168	111

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Liquidity risk management and liquidity coverage ratio (continued)

III. Explanations from the Bank's about liquidity ratio

3.a Significant factors impacts the result of liquidity coverage ratio and change in time of the items are taken into account in calculation of this ratio.

Borrowing Securities that mainly comprised of government securities and Required Reserves are major components of High Quality Liquid Assets that affect Liquidity Coverage Ratio essentially. Depending on the market conditions and Bank's Treasury Department's decisions the proportion of local currency and foreign currency based securities within Borrowing Securities may vary.

3.b The explanation is about from which elements the High Quality Liquid Assets Consist

High Quality Liquid Assets mainly compromises of exposure to Central Bank, that is Required Reserves and Borrowing Securities, that are government securities.

3.c Items which procure fund and intensity of funds in all funds

Main funding source of the Bank is long term loans attained from international financial institutions. The ratio of those loans in total funding is around 67% while 88% of it is provided under the guarantee of The Undersecretariat of Treasury of Turkish Republic. The average tenor of long term loans is 11 years. The total ratio of the securities issued in purpose of funding diversification and loans attained through syndication loans in overall borrowing is 16%. 17% of the Bank's total funding is attained through repo transactions.

3.ç Cash outflows generating derivative transactions and informations about transactions are liable to warrant completing

Bank's derivative transactions are mainly executed with the counterparties having ISDA and CSA agreements due to the client transactions and position hedging within Bank's balance sheet management. Those transactions are monitored through market valuation of the transactions with each of the counterparties. Collateralization with counterparties is executed on daily basis.

3.d Counterparty and product-based funding sources and concentration limits on collateral

The funding sources of the Bank, that's main business area is development banking, are international development banks and financial institutions in general. On counterparty and product basis there is no concentration limit.

3.e Taking into account the legal and operational liquidity transfer inhibiting factors, the needed funds and the liquidity risk exposure based on Banks itself, the branches in foreign countries and consolidated partnerships.

None.

3.f Taken in the calculation of liquidity coverage ratio but not included in the disclosure template in the second paragraph and the information regarding the other cash inflows and cash outflows items which are thought to be related to the Bank's liquidity profile.

None.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	245.686	565.428	-	-	-	-	-	811.114
Banks	10.158	524.671	-	-	-	-	-	534.829
Financial Assets at Fair Value Through Profit and Loss	-	7.777	21.165	40.463	31.333	96.477	-	197.215
Money Market Placements	-	895.256	185.018	-	-	-	-	1.080.274
Financial Assets Available-for-Sale	-	25.931	69.032	449.359	1.231.968	1.157.658	37.021	2.970.969
Loans	-	553.824	633.430	2.631.399	6.949.510	2.907.316	-	13.675.479
Held-to-Maturity Investments	-	-	-	-	26.933	845.669	-	872.602
Other Assets (**)	-	-	-	-	3.115	978	588.010	592.103
Total Assets	255.844	2.572.887	908.645	3.121.221	8.242.859	5.008.098	625.031	20.734.585
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	555.318	172.866	1.761.539	5.149.311	5.805.753	-	13.444.787
Money Market Borrowings	-	2.168.420	1.061	-	-	-	-	2.169.481
Securities Issued	-	-	-	-	2.037.571	-	-	2.037.571
Miscellaneous Payables	-	-	-	-	-	-	117.245	117.245
Other Liabilities (**)	-	40.687	26.880	54.369	44.744	43.227	2.755.594	2.965.501
Total Liabilities	-	2.764.425	200.807	1.815.908	7.231.626	5.848.980	2.872.839	20.734.585
Liquidity Gap	255.844	(191.538)	707.838	1.305.313	1.011.233	(840.882)	(2.247.808)	-
Net Off-Balance Sheet Position		(4.099)	(9.660)	(18.966)	(15.589)	2.434		(45.880)
Financial Derivative Assets	-	-	-	-	-	2.434	-	2.434
Financial Derivative Liabilities	-	(4.099)	(9.660)	(18.966)	(15.589)	-	-	(48.314)
Non-Cash Loans (***)	-	7.770	6.596	173.789	707.238	586.622	300.651	1.782.666
Prior Period								
Total Assets	41.883	1.405.700	625.950	2.048.184	7.017.599	4.130.103	431.294	15.700.713
Total Liabilities	-	2.390.811	283.633	962.737	4.838.821	4.599.911	2.624.800	15.700.713
Liquidity Gap	41.883	(985.111)	342.317	1.085.447	2.178.778	(469.808)	(2.193.506)	-
Net Off –Balance Sheet Position		(158.520)	(1.820)	4.010	3.037	(3.294)		(156.587)
Financial Derivative Assets	-	-	-	4.010	3.037	-	-	7.047
Financial Derivative Liabilities	-	(158.520)	(1.820)	-	-	(3.294)	-	(163.634)
Non-Cash Loans (***)	-	79.896	23.976	53.268	650.696	374.242	270.991	1.453.069

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Leverage Ratio

a) Information about the change in leverage ratio between current and prior periods

The main reason of change in consolidated leverage ratio between the current and prior period is increase of balance sheet assets. Total balance sheet asset increased by 33,36% compare to prior period.

b) Comparison Chart of the total assets in the consolidated financial statements prepared in accordance with TAS and the total risk

		Prior Period (*)	Current Period (*)
1	Total assets in the consolidated financial statement prepared in accordance with TAS (**)	16.201.292	19.267.261
2	Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks	(24.409)	7.191
3	Differences between the balances of derivative financial instruments and the loan derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(57.214)	(166.296)
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	1.897.875	2.643.939
5	Differences between off-balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(2.061.336)	(3.342.558)
6	Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	-	-
7	Total Risk	18.130.314	24.925.783

(*)The arithmetic average of the last three months in the related periods.

(**)The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks. 30 June 2015 figures used in this table due to the current period consolidated financial statements prepared in accordance with TAS are not audited as of the date of this report.

c) Leverage ratio

		Prior Period(*)	Current Period(*)
	Balance sheet exposures		
1	Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	14.900.533	19.872.393
2	(Assets amounts deducted in determining Tier 1 capital)	(980)	(126.801)
3	Total balance sheet exposures	14.899.553	19.745.592
	Derivative financial instruments and loan derivatives		
4	Replacement cost of derivative financial instruments and loan derivatives	66.242	199.076
5	Potential loan risk of derivative financial instruments and loan derivatives	56.299	132.198
6	Total derivative financial instruments and loan derivatives exposure	122.541	331.274
	Securities financing transaction exposure		
7	Total risk of gross securities financing transactions (excluding balance sheet exposure)	227.904	384.893
8	Agent transactions exposures		
9	Total securities financing transaction exposures	227.904	384.893
	Off-balance sheet items		
10	Off-balance sheet exposure at gross notional amount	4.026.578	6.053.628
11	(Adjustments for conversion to credit equivalent amounts)	(2.061.336)	(3.342.558)
12	Total risk of off-balance sheet items	1.965.242	2.711.070
	Capital and total exposure		
13	Tier 1 capital	2.251.109	2.445.084
14	Total exposures	17.215.240	23.172.829
	Leverage Ratio		
15	Leverage Ratio	13,08%	10,55%

(*)The arithmetic average of the last three months in the related periods.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	565.451	184.987	1.874.314	5.614.214	6.205.279	(999.459)	13.444.786
Money Market Borrowings	2.170.657	1.070	-	-	-	(2.246)	2.169.481
Marketable Securities Issued	-	-	106.393	2.371.638	-	(440.460)	2.037.571
Funds	30.677	-	-	-	-	-	30.677
Total	2.766.785	186.057	1.980.707	7.985.852	6.205.279	(1.442.165)	17.682.515

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	275.505	198.713	1.015.290	4.315.172	4.836.835	(645.832)	9.995.683
Money Market Borrowings	2.072.951	90.822	-	-	-	(1.279)	2.162.494
Marketable Securities Issued	-	-	43.724	980.201	-	(210.101)	813.824
Funds	39.081	-	-	-	-	-	39.081
Total	2.387.537	289.535	1.059.014	5.295.373	4.836.835	(857.212)	13.011.082

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contracts	2.860.925	143.955	1.038.302	6.508.089	6.509.727	(22.553)	17.038.445
Forward Contracts	88.494	12.924	37.447	268.223	-	-	407.088
Futures Transactions	-	-	-	-	-	-	-
Options	91.402	789.940	1.383.780	211.276	-	-	2.476.398
Other	-	-	89.210	-	-	-	89.210
Total	3.040.821	946.819	2.548.739	6.987.588	6.509.727	(22.553)	20.011.141

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contracts	1.435.438	542.240	615.593	3.436.171	1.873.930	(62.545)	7.840.827
Forward Contracts	5.761	43.336	-	-	-	-	49.097
Futures Transactions	-	-	-	-	-	-	-
Options	542.833	65.876	878.222	-	-	-	1.486.931
Other	-	-	-	-	-	-	-
Total	1.984.032	651.452	1.493.815	3.436.171	1.873.930	(62.545)	9.376.855

IX. Explanations related to securitization positions

None.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations related to credit risk mitigation techniques

Offsetting is not used as a credit risk mitigation technique. In assessments within the scope of credit risk mitigation techniques, using methods in regard to valuation and management of collaterals are realized in parallel with communiqué relating to Credit Risk Mitigation Techniques. Financial collaterals are evaluated on a daily basis in the Bank. Depending on the comprehensive financial collateral approach, risk mitigating effects of the collaterals are considered through the standard volatility adjustments. Value of the real estates subject to the collateral is determined at least once a year for commercial real estates and determined at least triennially for residential real estates. In the cases that significant changes in market conditions appear, the review is carried out at more frequent intervals. Within the communiqué, as a matter of credit risk mitigation techniques, only residences and commercial real estates (Warehouse, School, Hospital, Office and Store) which are not used for production purposes and can provide rental income are taken into consideration. In addition, land, field and orchard lands are also considered within same concept. Value of the real estates is assessed by the real estate appraisal companies, which are included in the list to provide valuation service by the CMB. Within the credit risk mitigation techniques, major collaterals that can be used by the Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, Stock Pledges), guarantees and mortgages. As of 31 December 2015, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used. As of 31 December 2015 and 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				
Risk Types	Amount (*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	4.642.482	150.213	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	4.164	1.541	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	5.828.435	2.440.099	-	-
Contingent and Non-Contingent Claims on Corporates	17.229.382	37.611	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	902.620	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	170	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Claims	733.041	5.332	-	-
Total	29.340.294	2.634.796	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Collaterals Which are Grouped According to Risk Types (continued)

Prior Period Risk Types	Amount (*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	3.654.952	97.878	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	1.086	47	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	3.063	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	3.312.714	2.130.644	-	-
Contingent and Non-Contingent Claims on Corporates	14.395.427	35.623	-	2.688
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	439.328	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	46	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Claims	407.921	6.638	-	-
Total	22.214.537	2.270.830	-	2.688

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

Main guarantors and their credibility

None.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XI. Explanations related to risk management objective and policies

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Credit risk management policy

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

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

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

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

Market risk management policy and currency risk management policy

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

Interest rates, foreign exchange rates, equity and commodity prices are the main market risk factors and in order to control these risks vigorously and it is essential that money and capital market transactions should be "well-diversified" considering the level of risk created in terms of parameters such as maturity, currency, interest rate and other similar parameters. In addition, credit worthiness of issuers of financial instruments creating market risk is strongly taken into account. In the calculation of the market risk, the Bank uses two basic approaches, BRSA Standard Method and Value at Risk (VaR) approach. The accuracy of the VaR model is sustained by applying the retrospective tests (back testing).

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

The test mentioned is based on the comparison of calculated Value at Risk and actual losses. In addition stress tests are applied to determine the effects of the events whose probability of occurrence is low; however, loss level is high on Value at Risk. Currency risk management is measured and monitored by using the VaR model. The Bank's Risk Management 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 Bank's Risk Management.

Operational risk management policy

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

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

Structural interest rate risk management policy

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

The Bank's Risk Management 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.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Liquidity risk management policy

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	19.134.153	14.722.747	19.247.124	14.776.277
Money Market Placements	1.080.274	104.913	1.080.274	104.913
Banks	534.829	122.318	534.829	122.318
Available-For-Sale Financial Assets	2.970.969	3.514.896	2.970.969	3.514.896
Held-To-Maturity Investments	872.602	-	872.602	-
Loans (*)	13.675.479	10.980.620	13.788.450	11.034.150
Financial Liabilities	17.799.761	13.095.629	17.811.306	13.114.532
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Provided From Other Financial Institutions	15.644.945	12.197.258	15.644.945	12.197.258
Marketable Securities Issued	2.037.571	813.824	2.049.116	832.727
Miscellaneous Payables	117.245	84.547	117.245	84.547

(*) Loans include financial lease receivables.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

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

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

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

Current Period	Level I	Level II	Level III
Financial Assets			
Financial Assets Held for Trading	28.233	168.982	-
Financial Assets Available For Sale	1.903.147	1.063.795	3.809
Associates and Subsidiaries	194.786	-	82.366
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	173.431	-

Prior Period	Level I	Level II	Level III
Financial Assets			
Financial Assets held for Trading	-	71.931	-
Financial Assets Available For Sale	2.580.866	923.763	10.267
Associates and Subsidiaries	216.432	-	78.810
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	64.831	-

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	12	-	8	-
Balances with the Central Bank of Turkey	40.426	770.676	31.628	476.152
Other	-	-	-	-
Total	40.438	770.676	31.636	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	40.426	3.437	31.628	2.984
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	767.239	-	473.168
Total	40.426	770.676	31.628	476.152

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

As per the Communiqué numbered 2005/1 “Reserve Deposits” of the 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. 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 began 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 of 5 May 2015, the CBRT has started to pay interest to the Required reserves, reserve options and unrestricted account held in US dollars according to regulation released at 2 May 2015.

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

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

Reserve Rates for Foreign Currency Liabilities (%)		
Original maturity	Required Reserve rate	Required Reserve rate
	If the fund borrowed before 28 August 2015	If the fund borrowed after 28 August 2015
Other liabilities until 1 year maturity (1 year include)	20	25
Other liabilities until 1-2 year maturity (2 year include)	14	20
Other liabilities until 2-3 year maturity (3 year include)	8	15
Other liabilities until 3-5 year maturity (5 year include)	7	7
Other liabilities more than 5 year maturity	6	5

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

2.a.1 Trading securities:

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

As of the reporting date, the Bank has no trading securities given as collateral or blockage (31 December 2014: None).

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

As of the reporting date, the Bank has no trading securities subject to repurchase agreements (31 December 2014: None).

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

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

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

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

Held for Trading Financial Derivative Instruments	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	769	2.606	74	28
Swap Transactions	8.427	83.584	15.366	35.307
Futures Transactions	-	-	-	-
Options	-	73.596	-	21.156
Other	-	-	-	-
Total	9.196	159.786	15.440	56.491

3. Information on banks and foreign banks account

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	324	496.997	22.052	94.555
Foreign	-	37.508	-	5.711
Branches and head office abroad	-	-	-	-
Total	324	534.505	22.052	100.266

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

3.b Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3.514	3.857	-	-
USA and Canada	3.782	763	-	-
OECD Countries (*)	30.212	1.091	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	37.508	5.711	-	-

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

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1.507.545	-	2.016.726	-
Treasury bills	-	-	-	-
Other debt securities	-	76.662	-	307.313
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.507.545	76.662	2.016.726	307.313

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

All available for sale financial assets given as collateral comprise of financial assets issued by the T.R. Undersecretariat of Treasury. The carrying value of those assets is TL 737.201 (31 December 2014: TL 251.539).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	259.298	477.903	183.982	67.557
Other	-	-	-	-
Total	259.298	477.903	183.982	67.557

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

Available for sale financial assets comprise government bonds 60,36%, Eurobonds 27,98% and shares and other securities 11,66% (31 December 2014: government bonds 70,87%, Eurobonds 15,08% and shares and other securities 14,05%).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period	Prior Period
Debt securities	2.967.995	3.482.152
Quoted on a stock exchange	2.106.882	2.929.125
Unquoted	861.113	553.027
Share certificates	50.286	43.553
Quoted on a stock exchange	27.737	24.884
Unquoted	22.549	18.669
Other Impairment provision(-)	(47.312)	(10.809)
Total	2.970.969	3.514.896

The net book value of unquoted available for sale share certificates is TL 14.147 (31 December 2014: TL 10.267).

5. Explanations on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	84.840	117.412	84.174	117.412
Corporate shareholders	84.840	117.412	84.174	117.412
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	228	-	131	-
Total	85.068	117.412	84.305	117.412

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations 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	13.530.744	155.782	-	144.735	54.275	64.267
Corporation loans	4.441.986	-	-	8.867	8.867	-
Export loans	115.914	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.677.116	-	-	-	-	-
Consumer loans	228	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	7.295.500	155.782	-	135.868	45.408	64.267
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	13.530.744	155.782	-	144.735	54.275	64.267

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

Prior Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Non-specialized loans	10.817.052	143.563	-	163.568	98.901	35.849
Corporation loans	3.737.157	-	-	10.468	5.332	-
Export loans	68.340	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.383.797	-	-	-	-	-
Consumer loans	131	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	5.627.627	143.563	-	153.100	93.569	35.849
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	10.817.052	143.563	-	163.568	98.901	35.849

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	155.782	54.275
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-

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

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	-
1-2 Years	-	40.472
2-5 Years	76.976	-
5 Years	78.806	13.803

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	-
1-2 Years	-	84.237
2-5 Years	69.889	-
5 Years	73.674	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 one loan customer which is followed under standard loans and other receivables and for four loan customers which are followed under Loans and Other Receivables Under Close Monitoring and which have been extended more than 1 year 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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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations 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	618.693	-	-	-
Non-specialized loans	618.693	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	12.912.051	155.782	144.735	118.542
Non-specialized loans	12.912.051	155.782	144.735	118.542
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	1.327.792	-	-	-
Non-specialized loans	1.327.792	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	9.489.260	143.563	163.568	134.750
Non-specialized loans	9.489.260	143.563	163.568	134.750
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations 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	55	173	228
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	55	173	228
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	55	173	228

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

5. Explanations 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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

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

5.f Loans according to borrowers:

	Current Period	Prior Period
Public	32.171	52.621
Private	13.643.308	10.927.999
Total	13.675.479	10.980.620

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	13.588.730	10.927.175
Foreign loans	86.749	53.445
Total	13.675.479	10.980.620

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	451.705	305.972
Indirect loans granted to subsidiaries and associates	-	-
Total	451.705	305.972

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	3.603	4.456
Loans and receivables with doubtful collectability	-	-
Uncollectible loans and receivables	55.802	12.480
Total	59.405	16.936

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations 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)	-	-	5.395
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	5.395
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	-	12.480
Additions (+)	43.354	-	38
Transfers from other categories of non-performing Loans (+)	-	43.334	43.334
Transfers to other categories of non-performing loans (-)	(43.334)	(43.334)	-
Collections (-)	(844)	-	(50)
Write-offs (-)	(29)	-	-
Corporate and Commercial Loans	(29)	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	3.603	-	55.802
Specific provision (-)	(3.603)	-	(55.802)
Net Balances on Balance Sheet	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations 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	12.548
Additions (+)	9.891	102	89
Transfers from other categories of non-performing Loans (+)	-	20.933	6.378
Transfers to other categories of non-performing loans (-)	(20.933)	(6.378)	-
Collections (-) (*)	(1.829)	(21.035)	(6.534)
Write-offs (-)	-	-	(1)
Corporate and Commercial Loans	-	-	(1)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	4.456	-	12.480
Specific provision (-)	(4.456)	-	(12.480)
Net Balances on Balance Sheet	-	-	-

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

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	1.651	-	-
Specific Provision (-)	(1.651)	-	-
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	1.991	-	48
Specific Provision (-)	(1.991)	-	(48)
Net Balance on Balance Sheet	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	3.603	-	55.802
Specific Provision Amount (-)	(3.603)	-	(55.802)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	4.456	-	12.480
Loans to Real Persons and Legal Entities (Gross)	(4.456)	-	(12.480)
Specific Provision Amount (-)	-	-	-
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

5.k Main principles of liquidating loans and receivables:

If there are collaterals received complying Article 9 of the Communiqué regarding “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, these collaterals are converted into cash immediately using either administrative or legal procedures in order to collect those receivables.

In cases of no collaterals, several financial investigations are made to determine whether any property holdings are subsequently acquired by applying legal procedures, even if there is evidence of insolvency for the debtor.

Before and after the beginning of the liquidation process; the Bank management makes investigations on the financial data of the debtor companies. As a result of these investigations, if the Bank management agrees that the companies show any indication of operating on an ongoing basis and probably are going to have contributions in the economic environment in the future; the Bank management tries to make the collection through rescheduling the payment terms.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Explanations on loans (continued)

5.1 Explanations about the write-off policies from the assets:

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

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

5.m Other explanations and disclosures:

Current Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	11.491.571	2.168.539	228	-	13.660.338
Past due not impaired	3.848	11.293	-	-	15.141
Individually impaired	19.348	40.057	-	-	59.405
Total	11.514.767	2.219.889	228	-	13.734.884
Less: allowance for individually impaired loans	(19.348)	(40.057)	-	-	(59.405)
Total allowance for impairment	(19.348)	(40.057)	-	-	(59.405)
Net Loan Amount	11.495.419	2.179.832	228	-	13.675.479

Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	9.192.534	1.731.353	131	-	10.924.018
Past due not impaired	11.913	44.689	-	-	56.602
Individually impaired	14.448	2.488	-	-	16.936
Total	9.218.895	1.778.530	131	-	10.997.556
Less: allowance for individually impaired loans	(14.448)	(2.488)	-	-	(16.936)
Total allowance for impairment	(14.448)	(2.488)	-	-	(16.936)
Net Loan Amount	9.204.447	1.776.042	131	-	10.980.620

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

	Corporate	SME	Consumer	Other	Total
At 1 January 2015	(14.448)	(2.488)	-	-	(16.936)
Charge for the year	(5.510)	(37.882)	-	-	(43.392)
Recoveries	581	313	-	-	894
Amounts written off	29	-	-	-	29
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2015	(19.348)	(40.057)	-	-	(59.405)

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

	Corporate	SME	Consumer	Other	Total
At 1 January 2014	(12.352)	(23.901)	-	-	(36.253)
Charge for the year	(2.473)	(7.609)	-	-	(10.082)
Recoveries	377	29.021	-	-	29.398
Amounts written off	-	1	-	-	1
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2014	(14.448)	(2.488)	-	-	(16.936)

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

Current Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(19.348)	(40.057)	-	-	(59.405)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	19.348	40.057	-	-	59.405

Prior Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(14.448)	(2.488)	-	-	(16.936)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	14.448	2.488	-	-	16.936

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

	Current Period	Prior Period
At 1 January	16.936	36.253
Charge for the year	43.392	10.082
Recoveries	(894)	(29.398)
Amounts written off	(29)	(1)
Interest accrued on impaired loans and other receivables	-	-
At 31 December	59.405	16.936
Individual impairment	(59.405)	(16.936)
Gross amount of loans, individually determined to be impaired, (before deducting any individually assessed impairment allowance)	59.405	16.936

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

Current Period	Less than 30 days	31- 60 Days	61- 90 Days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	3.848	-	-	-	3.848
SME Loans	-	11.293	-	-	11.293
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	3.848	11.293	-	-	15.141

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

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

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

	Current Period	Prior Period
Residential, commercial and industrial property	11.230	-
Financial assets	-	-
Other (bailment, pledge for vehicles and ship)	-	54.414
Total	11.230	54.414

Loans and other receivables amounting to TL 10.104.058 have floating interest rates (31 December 2014: TL 8.446.614) and the remaining TL 3.571.421 have fixed interest rates (31 December 2014: TL 2.534.006).

6. Information on held-to-maturity investments

6.1 The information was subjected to repo transactions and given as collateral/blocked amount of investments

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	-	-	-	-
Subject to Repurchase Agreements	714.229	-	-	-
Total	714.229	-	-	-

6.2 Information on public sector debt investments held-to-maturity

	Current Period	Prior Period
Government Bonds	872.602	-
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	872.602	-

6.3 Information on held-to-maturity investments

	Current Period	Prior Period
Debt Securities		
Quoted on a Stock Exchange	715.194	-
Not Quoted	157.408	-
Impairment provision (-)	-	-
Total	872.602	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

6. Information on held-to-maturity investments (continued)

6.4 Movement of held to maturity investments within the year:

	Current Period	Prior Period
Balances at Beginning of Period	-	-
Foreign Currency Differences on Monetary Assets	(789)	-
Purchases During The Period (*)	851.290	-
Disposals Through Sales And Redemptions	(5.832)	-
Impairment Provision (-)	-	-
Interest Income Accruals	27.933	-
Balances at End of Period	872.602	-

(*) The Bank reclassified "Government Bond with CPI Index" with a nominal value of TL 533.626 and "Eurobond" with nominal value of US Dollar 34.577 from available-for-sale to held-to-maturity portfolio in the current period.

7. Information on associates (net)

7.a.1 Information on associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	57,33
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	68,78
4	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
5	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/ Turkey	10,05	20,10

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	İş Faktoring	1.978.756	99.831	560	125.258	-	24.167	7.938	-
2	İş Finansal	3.655.849	692.343	16.575	270.926	54	81.481	72.194	122.527
3	İş Girişim (*)	260.897	257.959	273	7.140	4.940	3.625	13.075	20.405
4	Terme (*)	15.589	3.613	287	331	-	75	93	-
5	Ege Tarım (*)	11.427	11.389	8.388	91	-	(172)	(946)	-

(*) Represents for the period ended 30 September 2015 financial statements. Prior year profit/loss is obtained from 30 September 2014 financial statements.

7.a.2 Information on associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	161.038	152.328
Movements During the Period	(5.030)	8.710
Purchases	-	200
Bonus Shares Obtained	24.760	11.940
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(29.790)	(3.430)
Balance at the End of the Period	156.008	161.038
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on associates (net) (continued)

7.a.2 Information on associates (continued):

Information on associates sold in the current period

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

Information on associates purchased in the current period

In the current period, the Bank has obtained bonus shares amounting TL 5.110 with a share capital increase of İş Factoring A.Ş. amounting to TL 23.500.

Besides, İş Leasing A.Ş. capital was increased from TL 461.503 to TL 530.303 in the current period. The Bank has obtained bonus shares amounts to TL 19.650 as a result of bonus shares increase.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	11.882	6.771
Leasing Companies	122.527	125.215
Financial Service Companies	-	-
Other Financial Associates	20.044	27.497

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	142.571	152.712
Associates quoted on foreign stock exchanges	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net)

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

Current Period		
	YFAŞ (*)	TSKB GYO (*)
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Share Premium	-	593
Legal Reserves	4.730	5.721
Other Comprehensive Income according to TAS	(73)	(27)
Current and Prior Years' Profit/Loss	2.855	68.024
Leasehold Improvements (-)	(1.231)	-
Intangible Assets (-)	(344)	(21)
Total Core Capital	70.212	224.290
Supplementary Capital	-	-
Capital	-	-
Net Available Capital	70.212	224.290

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

Prior Period		
	YFAŞ (*)	TSKB GYO (*)
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.

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on subsidiaries (net) (continued)

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

TSKB Gayrimenkul Değerleme A.Ş. is valued at cost and is not consolidated since it is not a financial subsidiaries. Unconsolidated subsidiary of the Bank is not subject to minimum capital requirement.

8.b.1 Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YFAŞ)	Istanbul /Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	72,48

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
TSKB GMD	14.152	11.630	1.122	645	-	1.660	2.564	-
YFAŞ. (*)	684.430	70.947	3.232	23.231	1.258	(2.194)	2.450	-
TSKB GYO (*)	423.148	224.311	403.757	483	-	12.381	1.972	52.215

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

8.b.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	134.204	134.698
Movements in the period	(11.505)	(494)
Purchases	-	-
Bonus shares obtained	-	2.394
Current year share of profit	-	-
Sales	-	(233)
Revaluation increase	-	-
Provision for impairment	(11.505)	(2.655)
Balance at the end of the period	122.699	134.204
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net) (continued)

8.b.2 Information on subsidiaries (continued):

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

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

	Current Period	Prior Period
Subsidiaries	-	-
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	122.320	133.825

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

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	52.215	63.720
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information on entities under common control

The Bank has no entities under common control as of the reporting date (31 December 2014: None).

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	98	-	87	-
Between 1- 4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	98	-	87	-

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

	Current Period	Prior Period
Gross investments in finance leases	98	87
Unearned revenue from finance leases (-)	(98)	(87)
Cancelled finance leases (-)	-	-
Net investments in finance leases	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

10. Information on finance lease receivables (net) (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 Financial Leasing, Factoring and Financing Company Law No 6361. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on derivative financial assets held for hedging purposes

11.a Positive differences on derivative financial instruments held for hedging purposes

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	4.093	-	-
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	-	4.093	-	-

As of 31 December 2015, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	4.689.900	4.093	(5.799)	-	-	-
FC	4.689.900	4.093	(5.799)	-	-	-
TL	-	-	-	-	-	-

11.a.1 Information on fair value hedge accounting

Current Period	Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item(*)	Fair Value of Hedging Instrument(*)		Income Statement Effect (Profit/Loss Through Derivative Financial Instruments)
					Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk		3.814	-	(5.980)	(2.166)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk		376	-	(1.461)	(1.085)

(*) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

12. Information on tangible assets (net)

Since the third quarter of the current period, the Group changed its accounting policy and adopted revaluation method under scope of TAS 16 with respect to valuation of immovable properties included in tangible fixed assets. As a result of the valuation commissioned appraisal firms authorized by CMB and BRSA, cost amount of TL 29.647 is shown under current year additions and reversal of accumulated depreciation amount of TL 2.366 is shown under current year disposals and revaluation differences amount of TL 32.013 is accounted under the shareholders' equity As of 31 December 2015, pre-valuation of the net book value of immovable properties included in tangible fixed assets were amount of TL 4.847.

Current Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and buildings	6.460	30.400	-	-	36.860
Assets held under finance leases	2.443	-	(55)	-	2.388
Vehicles	990	-	-	-	990
Assets held for resale	1.786	-	(1.210)	-	576
Other	10.956	18.934	(10.500)	-	19.390
Total Cost	22.635	49.334	(11.765)	-	60.204
Accumulated depreciation					
Land and buildings	(2.277)	(122)	2.366	-	(33)
Assets held under finance leases	(1.937)	(126)	55	-	(2.008)
Vehicles	(291)	(199)	-	-	(490)
Assets held for resale	(18)	(13)	28	-	(3)
Other	(7.673)	(1.579)	283	-	(8.969)
Total accumulated depreciation	(12.196)	(2.039)	2.732	-	(11.503)
Impairment provision					
Land and buildings	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(177)	(42)	33	-	(186)
Other	-	-	-	-	-
Total impairment provision	(177)	(42)	33	-	(186)
Net book value	10.262	47.253	(9.000)	-	48.515

Prior Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and buildings	7.485	16	-	(1.041)	6.460
Assets held under finance leases	1.593	-	(191)	1.041	2.443
Vehicles	968	761	(739)	-	990
Assets held for resale	1.203	2.744	(2.161)	-	1.786
Other	8.937	3.168	(1.149)	-	10.956
Total Cost	20.186	6.689	(4.240)	-	22.635
Accumulated depreciation					
Land and buildings	(2.688)	(132)	-	543	(2.277)
Assets held under finance leases	(1.432)	(142)	180	(543)	(1.937)
Vehicles	(841)	(146)	696	-	(291)
Assets held for resale	(17)	(29)	28	-	(18)
Other	(7.407)	(669)	403	-	(7.673)
Total accumulated depreciation	(12.385)	(1.118)	1.307	-	(12.196)
Impairment provision					
Land and buildings	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(466)	(848)	1.137	-	(177)
Other	-	-	-	-	-
Total impairment provision	(466)	(848)	1.137	-	(177)
Net book value	7.335	4.723	(1.796)	-	10.262

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

In the current period, the Bank recorded impairment of TL 42 and TL reversal of impairment of TL 21 (31 December 2014: TL 848 impairment; TL 819 canceled impairment).

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

There is no impairment provision on individual asset set or cancelled in the current period, other than impairment on properties referred to above (31 December 2014: None).

13. Information on intangible assets

13.a Useful lives and amortization rates used:

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

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

13.b Amortization methods used:

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

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

Current Period	Beginning of Period		End of Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	4.315	(3.625)	4.618	(3.932)

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

13. Information on intangible assets (continued)

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

Current Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	4.315	303	-	4.618
Total Cost	4.315	303	-	4.618
Accumulated amortization:				
Software	(3.625)	(307)	-	(3.932)
Total Accumulated Amortization	(3.625)	(307)	-	(3.932)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	690	(4)	-	686

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	3.994	343	(22)	4.315
Total Cost	3.994	343	(22)	4.315
Accumulated amortization:				
Software	(3.349)	(298)	22	(3.625)
Total Accumulated Amortization	(3.349)	(298)	22	(3.625)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	645	45	-	690

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

As at the reporting date, the Bank has no individual intangible asset which is material in the financial statements as a whole (31 December 2014: None).

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

As at the reporting date, the Bank has no intangible assets acquired through government grants (31 December 2014: None).

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

As at the reporting date, the Bank has no intangible assets acquired with government incentives (31 December 2014: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

13. Information on intangible assets (continued)

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

As at the reporting date, there are no intangible assets with restricted use or pledged (31 December 2014: None).

13.i Amount of purchase commitments for intangible assets:

As at the reporting date, the Bank has no purchase commitments for intangible assets (31 December 2014: None).

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

The Bank did not revalue its intangible assets as at the reporting date (31 December 2014: None).

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

The Bank has no research and development costs expensed in the current period (31 December 2014: None).

13.l Information on goodwill:

As at the reporting date, the Bank has no goodwill (31 December 2014: None).

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

As at the reporting date, the Bank has no goodwill in the accompanying financial statements (31 December 2014: None).

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

As at the reporting date, the Bank has no negative goodwill in the accompanying financial statements (31 December 2014: None).

14. Information on investment property

The Bank has no investment property (31 December 2014: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations related to the assets (continued)

15. Information on deferred tax assets

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

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

Deferred tax asset:	Current Period	Prior Period
Loan commissions accrual adjustment	16.103	12.365
Other provisions	12.000	16.600
Marketable securities	-	-
Employee benefit provision	1.750	1.547
Valuation of derivative instruments	5.802	587
Other	488	569
Total Deferred Tax Asset	36.143	31.668
Deferred tax liability:		
Marketable securities	(2.671)	(11.252)
Valuation of derivative instruments	-	-
Loan commissions accrual adjustment	(7.265)	(5.340)
Useful life difference of fixed assets	(321)	(133)
Other	(2.975)	(23)
Total Deferred Tax Liability	(13.232)	(16.748)
Net Deferred Tax Asset	22.911	14.920

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

The Bank has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods (31 December 2014: None).

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

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance (31 December 2014: None).

16. Explanations on assets held for sale

In the current period, the Bank 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).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	753	1.348	310	26
Swap Transactions	42.180	55.518	5.061	38.499
Futures Transactions	-	-	-	-
Options	-	73.632	-	20.935
Other	-	-	-	-
Total	42.933	130.498	5.371	59.460

3. Information on funds borrowed

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	127.000	223.022	3.068	189.459
From Foreign Banks, Institutions and Funds	69.001	12.879.928	-	9.687.091
Total	196.001	13.102.950	3.068	9.876.550

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	56.360	3.068	367.148
Medium and long-term	196.001	13.046.590	-	9.509.402
Total	196.001	13.102.950	3.068	9.876.550

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

3.c Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	-	2.026.500	-	806.750
Cost	-	2.021.606	-	806.153
Book Value	-	2.037.571	-	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 and the debt instruments having nominal value of USD 350 million are determined with maturity of 30 October 2019 with fixed interest rate, five year maturity and semiannual coupon payment with an interest rate of 5,375%. Accordingly, as of 22 April 2015, the issuance of second Eurobond with nominal value of USD 350 million has been realized. The debt instruments are determined with a maturity of 22 April 2020 with fixed interest rate, five year maturity and semiannual coupon payment with an interest rate of 5,125%.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	2.123.484	45.994	1.922.524	31.037
Financial institutions and organizations	2.103.104	1.440	1.877.343	-
Other institutions and organizations	19.821	38.884	44.408	29.066
Real persons	559	5.670	773	1.971
From Foreign Transactions	3	-	135	208.798
Financial institutions and organizations	-	-	-	204.742
Other institutions and organizations	2	-	1	-
Real persons	1	-	134	4.056
Total	2.123.487	45.994	1.922.659	239.835

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 Bank has no financial lease payables (31 December 2014: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on financial lease obligations (net) (continued)

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings, 1 branch, 11 cars and 100 computers are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2014: 2 head office buildings, 1 branch, 11 cars under operational leasing).

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

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

6. Information on derivative financial liabilities held for risk management

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	(5.799)	-	-
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	-	(5.799)	-	-

7. Information on provisions

7.a Information on general provisions:

	Current Period	Prior Period
General Provisions	150.329	125.194
Provisions for First Group Loans and Receivables	129.715	105.337
- <i>Additional provisions for the loans with extended payment plan</i>	6.678	7.178
Provisions for Second Group Loans and Receivables	4.522	6.238
- <i>Additional provisions for the loans with extended payment plan</i>	2.714	4.945
Provisions for Non-Cash Loans	2.721	2.719
Other	13.371	10.900

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

The foreign exchange losses on the foreign currency indexed loans amount to TL 1.776 (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 of the reporting date, the Bank's specific provisions provided for unindemnified non cash loans amounts to TL 583 (31 December 2014: None).

7.d Information related to other provisions:

7.d.1 Provision for possible losses:

The Bank has no provision for possible provisions (31 December 2014: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on provisions (continued)

7.d Information related to other provisions (continued):

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

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

As of 31 December 2015, employee termination benefits is amounting TL 7.849 reflected in financial statements (31 December 2014: TL 6.716). As of 31 December 2015, the Bank has provided a reserve for unused vacation amounting to TL 1.284 (31 December 2014: TL 1.019). This balance is classified under reserve for employee benefits in the financial statements.

Actuarial gains and losses amount of TL 382 are consisted after 1 January 2015, are recognised under Equity in accordance with revised TAS 19 standard (31 December 2014: TL 591).

Liabilities on pension rights

As explained on the Section Three, Accounting Policies, XV. Explanations on Liabilities Regarding Employee Benefits as of 31 December 2015, the Bank has no obligations on pension rights (31 December 2014: None).

Liabilities for pension funds established in accordance with Social Security Institution

None (31 December 2014: None).

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

The Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of 31 December 2015 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 18 January 2016, there is no need for technical or actual deficit to book provision as of 31 December 2015.

Accordingly, as of 31 December 2015 the Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Note 3.15, the accounting policies related with employee benefits.

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

	Current Period	Prior Period
Other (*)	60.583	83.000
Total	60.583	83.000

(*) Other provisions balance includes amount to TL 60.000 for the risks related to loan portfolio and amount to TL 583 for unindemnified non cash loans (31 December 2014: TL 83.000 provision for risks on loan portfolio).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on taxes payable

8.a Information on current taxes payable:

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	41.871	-	32.390	-
Deferred tax liability	-	-	-	-
Total	41.871	-	32.390	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	41.871	32.390
Taxation of securities	437	500
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	3.085	2.101
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	193	161
Other	1.167	1.027
Total	46.753	36.179

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	23	20
Unemployment insurance-Employer	46	40
Other	-	-
Total	69	60

8.b Explanations on deferred taxes liabilities:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on liabilities regarding assets held for sale

None (31 December 2014: None).

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

The Bank has signed an agreement with the International Finance Corporation for a subordinated loan of 50 Million US Dollars. Turkish Lira equivalent of the loan is amounting to TL 145.836 as of 31 December 2015. The interest accrued on this loan is TL 1.086 as of the reporting date. The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the reporting date it is (0,525+3 spread) 3,525%. Principal of the loan will be repaid on 15 October 2016 as a whole.

Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Financial Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Other Foreign Financial Institutions	-	145.836	-	116.065
Total	-	145.836	-	116.065

11. Information on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.750.000	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	1.750.000	2.500.000

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

In the 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 increase in paid-in capital was approved by the BRSA on 15 May 2015.

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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on shareholders' equity (continued)

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

In the current period, the extraordinary reserve amount of TL 16.000 provided from gain on sale of subsidiary and real estate added to paid-in-capital based on article of CTL-5(1)/e (31 December 2014: None).

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

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

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

The prior period income, profitability and liquidity of the Bank and their trends in the successive periods are followed by Budget Planning and Investor Relations Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under various scenario analyses.

The Bank operations are profitable, and the Bank retains the major part of its profit by capital increases or capital reserves within the shareholders equity.

11.g Information on preferred shares:

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

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	(35.994)	-	(16.824)	-
Valuation Differences	(31.066)	11.288	68.538	50.912
Foreign Exchange Difference	2.427	-	-	-
Total	(64.633)	11.288	51.714	50.912

11.i Informations on legal reserves:

	Current Period	Prior Period
First legal reserve	110.407	91.943
Second legal reserve	82.227	81.386
Other legal reserves appropriated in accordance with special legislation	-	-
Total	192.634	173.329

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on shareholders' equity (continued)

11.j Informations on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	82.703	54.612
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	82.703	54.612

11.k Explanations related to equity:

Movement of equity reserves during the period

Current Period	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates(*)	Others Equity Reserves	Total
As at 1 January	119.450	(16.824)	9.320	374	112.320
Value increase/decrease of available for sale investments recognized directly under equity	(180.118)	(41.295)	-	-	(221.413)
Profit/loss on disposal of available for sale investments recycled to income statement from equity	8.756	-	-	-	8.756
Tax effect of gains on available for sale investments	34.561	-	-	-	34.561
Other	-	22.125	22.028	(317)	43.836
As at 31 December	(17.351)	(35.994)	31.348	57	(21.940)

(*) In the current period, according to the article 5-(I)/e of the Turkish Corporate Tax Code No. 5520, 75% of the gain on sale of the building amounting to TL 10.153 in the tax purpose financial statements amounting to TL 7.616 is exempt from corporate income tax and for the five years following 2013, until the profit distribution process has completed, gains are agreed to be kept in a special fund account under equity and within the specified period, except the share capital, gains are not allowed to transfer into another account. The Bank has transferred such gains to the "Tangible Assets Revaluation Differences" accounts. According to the article KVK 5-(1)/e, the gain on subsidiary and sale of building amounting to TL 16.000 belong to capital reserves is added to share capital. The Bank changed its accounting policy and adopted revaluation method on annual basis under scope of Standard on Tangible Fixed Assets (TAS 16). As a result of the valuation commissioned appraisal firms authorized by CMB and BRSA, revaluation differences amount of TL 30.412 is accounted under the equity.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on shareholders' equity (continued)

11.k Explanations related to equity (continued)

Prior Period	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As at 1 January	6.357	(11.030)	8.920	374	4.621
Value increase/decrease of available for sale investments recognized directly under equity	141.299	(5.794)	-	-	135.505
Profit/loss on disposal of available for sale investments recycled to income statement from equity	(136)	-	-	-	(136)
Tax effect of gains on available for sale investments	(28.070)	-	-	-	(28.070)
Other (*)	-	-	400	-	400
As at 31 December	119.450	(16.824)	9.320	374	112.320

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

III. Explanations related to the off-balance sheet items

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Forward Purchase and Sales of Assets	110.589	53.655
Commitments for Use Guaranteed Credit Allocation	-	59.930
Commitments for Stock Brokerage Purchase and Sales	6.049	1.316
Commitments for Letter of Credit	19.275	15.275
Commitments from Forward Short Term Borrowing and Transfers	103.409	19.674
Commitments for option forward premiums	-	-
Other	157.739	3.063
Total	397.061	152.913

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1.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 credit, surety and acceptances amount to TL 566.890 (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 given by the Bank is TL 1.196.749 (31 December 2014: TL 956.972).

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

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	731.304	-
With maturity of one year or less than one year	49.945	-
With maturity of more than one year	681.359	-
Other non-cash loans	1.051.362	1.453.069
Total	1.782.666	1.453.069

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	262.416	67	1.282.324	92	297.794	69	934.007	91
Mining	-	-	-	-	-	-	-	-
Manufacturing Industry	5.719	1	469.543	34	4.454	1	460.405	45
Electricity, Gas, Water	256.697	66	812.781	58	293.340	68	473.602	46
Construction	9.800	3	-	-	15.800	4	-	-
Services	118.585	30	109.541	8	118.253	27	87.215	9
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	-	-
Financial Institutions	117.733	30	108.787	8	117.733	27	86.617	9
Real Asset and Leasing Services	852	-	754	-	520	-	598	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	390.801	100	1.391.865	100	431.847	100	1.021.222	100

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Ist Group				IInd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	387.563	1.391.865	427.792	1.020.592	3.238	-	4.055	630
Letters of Guarantee	387.563	805.948	427.792	525.125	3.238	-	4.055	-
Bank Acceptances	-	19.027	-	-	-	-	-	-
Letters of Credit	-	566.890	-	495.467	-	-	-	630
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-

2. Information related to derivative financial instruments

	Current Period	Prior Period
Foreign currency related derivative transactions (I)	8.043.151	4.129.218
Forward transactions	407.088	49.097
Swap transactions	5.159.665	2.593.190
Futures transactions	-	-
Option transactions	2.476.398	1.486.931
Interest related derivative transactions (II)	7.188.880	5.172.960
Interest rate swap transactions	-	5.172.960
Interest option transactions	7.188.880	-
Futures interest transactions	-	-
Other trading derivative transactions (III)	89.210	74.677
A. Total trading derivative transactions (I+II+III)	15.321.241	9.376.855
Types of hedging transactions	4.689.900	-
Fair value hedges	4.689.900	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	20.011.141	9.376.855

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Information related to derivative financial instruments (continued)

As of 31 December 2015, the breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell	Fair Value Hedge
Current Period											
TL	23.898	23.946	644.427	910.250	526.886	526.886	-	-	-	-	-
US Dollar	123.284	77.278	3.332.782	3.516.676	508.486	508.485	-	-	-	-	4.689.900
Euro	57.272	101.410	2.005.996	1.603.982	202.827	202.828	-	-	-	-	-
Other	-	-	211.823	211.819	-	-	-	-	-	-	-
Total	204.454	202.634	6.195.028	6.242.727	1.238.199	1.238.199	-	-	-	-	4.689.900

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell	Fair Value Hedge
Prior Period											
TL	18.765	1.635	224.227	325.059	343.260	340.809	-	-	-	-	18.765
US Dollar	2.130	19.416	2.323.839	2.650.279	266.378	266.725	-	-	-	-	2.130
Euro	3.650	3.501	1.304.933	809.817	134.880	134.879	-	-	-	-	3.650
Other	-	-	63.998	138.675	-	-	-	-	-	-	-
Total	24.545	24.552	3.916.997	3.923.830	744.518	742.413	-	-	-	-	24.545

	Current Period			Prior Period		
Derivative Financial Liabilities Held For Trading	Fair Value Assets	Fair Value Liabilities	Notional Amount in Turkish Lira Equivalent	Fair Value Liabilities	Fair Value Assets	Notional Amount in Turkish Lira Equivalent
Swap Transactions	53.283	(75.438)	5.159.665	36.054	(31.421)	2.593.190
Interest Rate Swap Transactions	38.728	(22.260)	7.188.880	14.619	(12.139)	5.172.960
Forward Transactions	3.375	(2.101)	407.088	102	(336)	49.097
Futures Transactions	-	-	-	-	-	-
Option Transactions	73.596	(73.632)	2.476.398	21.156	(20.935)	1.486.931
Other	-	-	89.210	-	-	74.677
Total	168.982	(173.431)	15.321.241	71.931	(64.831)	9.376.855

Fair value hedge

For the year ended 31 December 2015, the Bank has interest rate swaps for hedging purposes nominal amount of TL 4.689.900 (31 December 2014: None)

Hedging from the cash-flow risk

As of 31 December 2015 there is no cash-flow hedging transactions (31 December 2014: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

3. Explanations on loan derivatives and risk exposures

The Bank has no loan derivatives and such risk exposures to this respect (31 December 2014: None).

4. Explanations on contingent liabilities and assets

There are 32 legal cases against the Bank which are amounting TL 1.071 as of the reporting date (31 December 2014: TL 1.067 - 25 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Bank and employees to “Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı” (Foundation) established in accordance with the decisions of Turkish Commercial Law and Civil Law as made to all Foundations in the sector. According to this investigation it has been communicated that the amount Bank is obliged to pay is a benefit in the nature of fee for the members of Foundation worked at the time of payment, the amount Foundation members are obliged to pay should not be deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge / penalized stamp duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Bank relying on this report.

The Bank assesses that the Bank’s practice is in compliance with the legislation and there is no legal basis for the tax administration’s suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir.

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

A similar case has been submitted to the Constitutional Court (AYM) in the form of individual remedies by the main shareholder of the Bank in relation to the 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 Bank was contrary to the principle of legality and the Bank’s property rights has been violated. This decision is considered to be a precedent for the Bank and an amount of TL 12.750 corresponding to the portion that the Bank was obliged to pay for the related period is recognised as income in the current period.

5. Custodian and intermediary services:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	25.484	3.229	26.852	21.049
Medium and long term loans	133.653	498.839	118.076	334.068
Interest on non-performing loans	421	123	2.082	1.201
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	159.558	502.191	147.010	356.318

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

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey (*)	1.235	-	53	-
Domestic banks	2.645	380	779	39
Foreign banks	225	209	278	-
Branches and head office abroad	-	-	-	-
Total	4.105	589	1.110	39

(*) Interests given to the Turkish Lira and US Dollar portion of the CBRT Required Reserves, reserve options and unrestricted accounts have been presented under "The Central Bank of Turkey" line in the financial statements.

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	1.664	35	342	19
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	239.322	47.602	258.746	23.361
Investments Held to Maturity	25.854	3.001	-	-
Total	266.840	50.638	259.088	23.380

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	12.380	11.116

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information on interest expenses

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7.836	18.411	948	8.031
The Central Bank of Turkey	-	-	-	-
Domestic banks	3.449	1.158	819	722
Foreign banks	4.387	17.253	129	7.309
Branches and head office abroad	-	-	-	-
Other financial institutions	-	147.905	-	99.982
Total (*)	7.836	166.316	948	108.013

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

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

The Bank has no interest expense to its associates and subsidiaries (31 December 2014: None)

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued (*)	-	92.869	-	8.025

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

3. Information on dividend income

	Current period	Prior period
Financial Assets held for Trading	-	-
Financial Assets at Fair Value Through Profit and Loss	8.181	-
Financial Assets Available For Sale	25.423	3.000
Other	-	21.568
Total	33.604	24.568

4. Information on net trading income (net)

	Current Period	Prior Period
Profit	1.307.961	523.582
Gains on capital market operations	11.811	2.279
Gains on derivative financial instruments (*)	699.343	197.334
Foreign exchange gains	596.807	323.969
Losses (-)	(1.309.944)	(508.957)
Losses on capital market operations	(8.160)	(3.884)
Losses on derivative financial instruments (*)	(806.101)	(264.151)
Foreign exchange losses	(495.683)	(240.922)

(*) Foreign exchange gain from derivative transactions amounting to TL 305.308 is presented in "Profit on derivative financial instruments" (31 December 2014: TL 112.859), foreign exchange loss from derivative transactions amounting to TL (474.921) is presented in "Losses on derivative financial instruments" (31 December 2014: TL (191.327)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	23.913	25.782
Gains on Sale of Assets	77	11.094
From Associate and Subsidiary Sales (*)	-	9.922
From Immovable Fixed Asset Sales	76	543
From Property Sales	1	629
From Other Asset Sales	-	-
Other (**)	17.839	2.594
Total	41.829	39.470

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

(**) 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 Bank

	Current Period	Prior Period
Specific provisions for loans and other receivables	43.975	4.455
III. Group	20	4.366
IV. Group	-	-
V. Group	43.955	89
General provision expenses	25.135	20.863
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	8.790	1.501
Trading securities	-	-
Investment securities available for sale	8.790	1.501
Impairment provisions	22.125	291
Associates	-	291
Subsidiaries	22.125	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other (*)	-	33.000
Total	100.025	60.110

(*) Other provision contains amounting to TL 33.000 in the prior period allocated for the risks related to the loan portfolio.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information related to other operating expenses

	Current Period	Prior Period
Personnel expenses	63.316	55.990
Reserve for employee termination benefits	751	232
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	2.026	1.056
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	307	298
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	21	29
Depreciation expenses of assets for resale	13	19
Impairment expenses of assets held for sale	-	-
Other operating expenses	20.243	17.393
Rent expenses	8.134	7.390
Maintenance expenses	1.219	509
Advertisement expenses	575	355
Other expenses	10.315	9.139
Loss on sale of assets	52	563
Other	14.730	38.691
Total	101.459	114.271

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

As of 31 December 2015, the Bank's profit before tax has increased by 10,13% compared to the prior period (31 December 2014: 15,16% increase). Net interest income of the Bank has increased by 14,43% compared to the prior period (31 December 2014: 12,32% 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 Bank's current tax charge for the period is TL 76.641 (31 December 2014: TL 120.210). Deferred tax charge is TL 24.969 (31 December 2014: TL 27.806 deferred tax income).

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

Deferred tax charge calculated on temporary differences is TL 24.969 (31 December 2014: TL 27.806 deferred tax income).

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SECTION FIVE (Continued)

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

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

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

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

As of 31 December 2015, the deferred tax charge was calculated based on temporary timing differences, is TL 24.969 (31 December 2014: TL 27.806 deferred tax income). There is no deferred tax benefit or charge reflected in the income statement on carry forward tax losses, tax deductions and exceptions (31 December 2014: None).

In addition, TL 34.561 deferred tax income, which is calculated over the fair value differences on available for sale securities, is offset against the available for sale securities value increase fund item under equity (31 December 2014: TL 30.253 deferred tax expense) and TL 1.601 deferred tax change is calculated over revaluation differences of tangible assets.

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

As of 31 December 2015, the current net profit of the Bank has increased by 10,17% compared to the prior net profit (31 December 2014: 13,25%).

11. Information on net profit/loss

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

The Bank has generated TL 1.079.798 of interest income, TL 454.727 of interest expenses and TL 11.418 of net fee and commission income from banking operations (31 December 2014: TL 801.367 interest income, TL 255.135 interest expense, TL 11.164 net fee and commission income).

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

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

11.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (31 December 2014: None).

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Informations related to capital

As of 31 December 2015, the shareholders and capital structure of the Bank are as follows :

Current Period	Share	Shareholding	Paid in	Unpaid
<u>Name Surname/Commercial Title</u>	<u>Capital</u>	<u>Rate (%)</u>	<u>Capital</u>	<u>Capital</u>
T. İş Bankası A.Ş. Group	880.723	50,33	880.723	-
T. Vakıflar Bankası T.A.O.	146.606	8,38	146.606	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	722.671	41,29	722.671	-
Total	1.750.000	100,00	1.750.000	-

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

(*) T. İş Bankası A.Ş. Group share is calculated by considering T. İş Bankası A.Ş.'s purchase in december from circulated shares that takes part in Istanbul Stock Exchange.

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 increase in paid-in capital was approved by the BRSA on 15 May 2015.

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.

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

As of 31 December 2015, (21.659) value decrease is accounted for arising from the valuation of available for sale investments at fair value. TL (4.308) deferred tax is offset against value decrease related to these investments and as a result, TL (17.351) net value decrease is disclosed under the securities value decrease fund in the statement of changes in the unconsolidated equity.

In the prior period 149.703 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 30.253 deferred tax is offset against value increase related to these investments and as a result, TL 119.450 net value increase is disclosed under the securities value increase fund in the statement of changes in the consolidated equity.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

3. Information on increases in the cash flow hedges

There is no increase in the cash flow hedges.

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

As of 31 December 2015, increasing amount of TL 2.427 arising from the revaluation of securities available for sale is disclosed under the exchange differences in the statement of changes in the unconsolidated equity. (31 December 2014: None)

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

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

6. Information about dividends

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

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

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

As noted above as of the date of this report, the Bank has not yet computed its distributable profit and earnings per share for the approval in the General Assembly.

7. Amounts transferred to legal reserves

In the current year, TL 19.305 was transferred to the legal reserves (31 December 2014: TL 17.061).

8. Offsetting of the prior period's losses

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations related to statement of cash flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents

In the current period, other income amounting to TL 123.966, consists of gain on sale of assets and non-interest income (31 December 2014: TL 19.538 gain on sale of assets, capital market transaction income and non-interest income).

Other caption in changes in assets and liabilities from banking operations amounting to TL 414.412 consists of derivative financial transaction losses, taxes paid except employee termination benefits provision and depreciation expense, other operating expenses and fees and commissions paid. (31 December 2014: TL 134.555 consists of derivative financial transaction losses, taxes paid except employee termination benefits provision and depreciation expense, other operating expenses and fees and commissions paid).

In the current period, net increase/decrease item in other assets amounting to TL (492.869) (31 December 2014: TL (191.931)), consists of change in miscellaneous receivables, reserve requirement and other assets items.

In the current period, other payables amounting to TL 27.424 (31 December 2014: TL 622.451), consists of change in borrower funds, miscellaneous payables and funds from repo transactions.

In the current period, the effect of changes in foreign currency exchange rates on cash and cash equivalents has realized amounting to TL 43.025 (31 December 2014: TL 5.105).

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

In the current period, the Bank invested TL 19.687 in tangible fixed assets and properties and invested TL 303 in intangible fixed assets.

In the prior period, the Bank invested TL 6.689 in tangible fixed assets and properties and invested TL 343 in intangible fixed assets. There is TL 200 investment in associates and subsidiaries.

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

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

In the current period, the Bank has generated a cash inflow of TL 11.477 on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

In the prior period, the Bank has generated cash inflows of TL 2.935 on sale of movable fixed assets and properties. The Bank has sold amounting to TL 233 associates and subsidiaries in the current period.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

4. Information on cash and cash equivalents at the end of the period

Information on cash and cash equivalents at the beginning of the period:

	Beginning of the Current Period	Beginning of the Prior Period
Cash	8	36
Cash Equivalents	261.094	85.525
Total	261.102	85.561

Information on cash and cash equivalents at the end of the period:

	End of the Current Period	End of the Prior Period
Cash	12	8
Cash Equivalents	1.652.266	261.094
Total	1.652.278	261.102

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

Reserves amounting to TL 767.239 (31 December 2014: TL 473.168) in Turkish Republic Central Bank represent Turkish Lira, foreign currency and gold reserve requirements of the Bank.

6. Additional information related to financial position and liquidity of the Bank

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

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations on the risk group of the Bank

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

1.a Current Period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	305.972	264	72.954	117.412	79.003	-
Balance at End of Period	451.705	322	53.167	117.412	91.272	-
Interest and Commission Income	12.375	5	1.582	294	4.208	-

1.b Prior Period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	261.703	262	112.840	117.413	91.627	-
Balance at End of Period	305.972	264	72.954	117.412	79.003	-
Interest and Commission Income	11.110	6	2.140	294	4.199	-

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

The Bank is not authorized to accept deposits.

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

The Bank has foreign currency swaps buy amounting to TL 58.129, foreign currency swaps sell amounting to TL 58.527 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 December 2015, gain or loss from these transactions is TL (300) and this amount is associated with income statement (31 December 2014: TL (1.255)).

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

Benefits provided to the key management personnel in the current period amount to TL 8.202 (31 December 2014: TL 7.148).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

	Number	Number of Employees			
Domestic branches	2	332			
			Country of Incorporation		
Foreign Rep-offices	-	-			
				Total Asset	Capital
Foreign Branches	-	-		-	-
Off-shore Banking Region Branches	-	-		-	-

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

In the current year, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches.

In the prior period, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches.

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NOTES TO THE FINANCIAL STATEMENTS
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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank

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

FITCH RATINGS

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

International credit rating agency Fitch Ratings confirmed the Bank's ratings and "stable" prospectus without changing as of 15 October 2015 and determined Bank's "Privileged Unsecured Debt Notes" as BBB- for the Eurobonds maturity with 30 October 2019 and 22 April 2020.

MOODY'S

Reference Financial Rating Note	Ba2
Foreign Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Short-term Maturity	P-3
Domestic Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Short-term Maturity	P-3
Unsecured Debt-Foreign Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Foreign Currency/Domestic Currency MTN Note:	(P) Baa3

Information above represents updated information as of 23 October 2015.

International credit rating agency Moody's, assigned "Unsecured Debt - Foreign Currency" rating note for the Bank issuing Eurobonds maturity with 30 October 2019 and 22 April 2020 and this note has been appointed as Baa3.

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

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, updated the Bank's corporate governance rating of 95,19% (9,52 over 10) as of 20 October 2015. Ratings under the main topics of weighted Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors are declared as; 9,49 (Weight: 25%), 9,65 (Weight: 25%), 9,85 (Weight: 15%), 9,31 (Weight: 35%) over 10 respectively.

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SECTION SIX (Continued)

OTHER EXPLANATIONS (Continued)

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

None.

SECTION SEVEN

AUDITORS' REPORT

I. Explanations on the auditors' report

The unconsolidated financial statements as of and for the year ended 31 December 2015 were audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and auditors' report dated 28 January 2016 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 Bank's operations.