



Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

**Consolidated Financial Statements
As of and for the Six-Month Period Ended 30 June 2013
(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)
With Independent Auditors' Review Report Thereon**

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

31 July 2013

*This report contains "Independent Auditors' Report"
comprising 1 page and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 82 pages.*



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

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

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

We have reviewed the consolidated balance sheet of Türkiye Sınai Kalkınma Bankası Anonim Şirketi ("the Bank") and its subsidiaries (collectively "the Group") as of 30 June 2013 and the related consolidated income statement, statement of cash flows and consolidated statement of changes in shareholders' equity for the six-month interim period then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these consolidated financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of the (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain limited assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as of 30 June 2013 and the consolidated results of its operations and its consolidated cash flows for the six-month interim period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 and Article No: 38 of the Banking Act No: 5411 and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
31 July 2013

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Orhan Akova
Partner

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013**

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








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

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

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

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

31 July 2013

 Adnan BALI Chairman of Board of Directors	 Özcan TURKAKIN Member of Board of Directors and General Manager	 Ömer ERYILMAZ Executive Vice President In Charge of Financial Reporting	 Mustafa GÖKTAŞ Head of Financial Control Department
 M. Baran TUNCER Member of Audit Committee	 Kemal Serdar DİŞLİ Member of Audit Committee	 Murat BİLGİÇ Member of Audit Committee	

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION ONE

GENERAL INFORMATION

I. The Parent Bank’s incorporation date, beginning statue, changes in the existing statue

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

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

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

Türkiye İş Bankası A.Ş. has the authority of managing and controlling power indirectly or directly, alone or together with other shareholders. Shareholders of the Parent 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	650.001	50,00	650.001	-
T. Vakıflar Bankası T.A.O.	108.907	8,38	108.907	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	541.092	41,62	541.092	-
Total	1.300.000	100,00	1.300.000	-

Prior Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	550.001	50,00	550.001	-
T. Vakıflar Bankası T.A.O.	92.152	8,38	92.152	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	457.829	41,62	457.829	-
Physically Under Custody (Other Institutions and Individuals)	18	-	18	-
Total	1.100.000	100,00	1.100.000	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)	Date of Appointment	Academic Background	Experience in Banking and Management
Adnan Bali	Chairman of the Board of Directors	15 April 2011	Undergraduate	28
Mehmet Şencan	Vice Chairman of the Board of Directors	7 June 2011	Undergraduate	26
Özcan Türkakın	Member of the Board of Directors and General Manager	31 January 2013	Postgraduate	30
Mustafa Baran Tuncer (2)	Member of the Board of Directors and Audit Committee	30 April 2008	Doctorate	34
Durmuş Yılmaz	Member of the Board of Directors	26 March 2012	Postgraduate	34
Ertan Burhanettin Kantar	Member of the Board of Directors	23 March 2005	Undergraduate	25
Murat Bilgiç (2)	Member of the Board of Directors and Audit Committee	23 March 2005	Postgraduate	23
Kemal Serdar Dışlı (2)	Member of the Board of Directors and Audit Committee	25 May 2007	Undergraduate	26
Uygar Şafak Ögün	Member of the Board of Directors	2 April 2010	Postgraduate	18
Feridun Bilgin	Member of the Board of Directors	12 September 2012	Doctorate	17
Yonca Koçak	Independent Member of the Board of Directors	21 July 2010	Undergraduate	23

General Manager and Vice Presidents:

Name Surname	Title / Area of Responsibility	Date of Appointment	Academic Background	Experience in Banking and Management
Özcan Türkakın	General Manager	31 January 2013	Postgraduate	30
A.Orhan Beşkök	Senior Vice President - Technical Services and Financial Institutions	24 January 2002	Postgraduate	31
Burak Akgüç	Vice President – Corporate Marketing and Corporate Finance	29 December 2004	Undergraduate	24
Ömer Eryılmaz	Vice President – Financial Control and Securities	27 January 2006	Undergraduate	27
Çiğdem İçel	Vice President – Treasury and Human Resources	27 January 2006	Undergraduate	24
Ufuk Bala Yücel	Vice President - Project Finance and Loans	25 December 2007	Undergraduate	27
B. Gökhan Çanakpınar	Vice President – Information Technology and Loan-Treasury Operation	10 January 2012	Undergraduate	23

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

(2) In accordance with the Communiqué on Determination and Implementation of Corporate Governance Compliance of CMB Serial: IV No:56, has become effective on 30 December 2012 for listed banks, Yonca Koçak has elected as independent Member of the Board of Directors. Also according to the Communiqué of CMB Serial: IV No:63 Members of the Audit Committee are regarded as Independent Members of the Board of Directors.

According to the regulations on auditing in Articles 397-406 of the Turkish Commercial Code numbered 6102, Akis Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş. has been elected as auditor between the years 2013-2015 and statutory auditor duties of M. Armağan Saraçoğlu and Hamide Esmâ Uygun Çelikten, who were current auditors of the Parent Bank, ended on the General Meeting held on 26 March 2013.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

Current Period	Share	Shareholding	Paid in	Unpaid
<u>Name Surname/Commercial Title</u>	<u>Capital</u>	<u>Rate (%)</u>	<u>Capital</u>	<u>Capital</u>
T. İş Bankası A.Ş. Group	650.001	50,00	650.001	-
T. Vakıflar Bankası T.A.O.	108.907	8,38	108.907	-
Under Custody at Merkezi Kayıt Kuruluşu				
Other Institutions and Individuals	541.092	41,62	541.092	-
Total	1.300.000	100,00	1.300.00	-

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	550.001	50,00	550.001	-
T. Vakıflar Bankası T.A.O.	92.152	8,38	92.152	-
Under Custody at Merkezi Kayıt Kuruluşu				
Other Institutions and Individuals	457.829	41,62	457.829	-
Physically Under Custody				
(Other Institutions and Individuals)	18	-	18	-
Total	1.100.000	100,00	1.100.00	-

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

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

The Parent Bank 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. (“YFMEN.DEĞ”) was established with the title of Yatırım Finansman A.Ş. and registered in Istanbul Trade Registry on 15 October 1976 and it was announced in the Turkish Trade Registry Gazette No: 81 on 25 October 1976. Title of the Company was changed into Yatırım Finansman Menkul Değerler A.Ş. by the announcement made in the Turkish Trade Registry Gazette No: 4762 on 2 April 1999. The Company’s purpose is to perform capital market operations specified in the Company’s main contract in accordance with the CMB and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on 29 December 2006.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

Core business of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (“TSKB GYO”) is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The Company was established on 3 February 2006.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. was established on 8 February 1988 and it has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No: 6361. The Company started its leasing operations in July 1988. The Company’s headquarters is located at Istanbul/Türkiye.

İş Faktoring A.Ş. :

İş Faktoring A.Ş. 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%.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

The principal business of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. is to make long-term investments in companies existing in Turkey or to be established in Turkey, having a development potential and are in need of financing. The Company is continuing its operations at İş Kuleleri Kule: 2, Kat: 2, Levent, Istanbul.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

TSKB Disclosure was Policy approved by the meeting of the Board of Directors and entered into force on 28 February 2011. 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 Parent Bank accessible from the TSKB corporate website.

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 JUNE 2013

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

			Reviewed Current Period 30 June 2013			Audited Prior Period 31 December 2012		
ASSETS		Note Ref.	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	29.154	189.389	218.543	25.465	107.201	132.666
II.	FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	33.402	18.193	51.595	23.336	17.833	41.169
2.1	Trading financial assets		33.402	18.193	51.595	23.336	17.833	41.169
2.1.1	Public sector debt securities		20.480	452	20.932	7.753	733	8.486
2.1.2	Share certificates		1.254	-	1.254	2.581	-	2.581
2.1.3	Derivative financial assets held for trading		3.571	17.741	21.312	6.143	17.100	23.243
2.1.4	Other marketable securities		8.097	-	8.097	6.859	-	6.859
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)	196.872	168.256	365.128	377.261	62.814	440.075
IV.	MONEY MARKET PLACEMENTS		342.095	-	342.095	199	-	199
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		341.707	-	341.707	-	-	-
4.3	Receivables from reverse repurchase agreements		388	-	388	199	-	199
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.358.747	383.926	2.742.673	2.407.613	474.649	2.882.262
5.1	Share certificates		49.315	2.957	52.272	35.570	2.957	38.527
5.2	Public sector debt securities		1.785.132	316.065	2.101.197	2.127.232	342.798	2.470.030
5.3	Other marketable securities		524.300	64.904	589.204	244.811	128.894	373.705
VI.	LOANS	(5)	1.704.324	5.715.299	7.419.623	1.696.982	5.117.237	6.814.219
6.1	Loans		1.704.324	5.715.299	7.419.623	1.696.982	5.117.237	6.814.219
6.1.1	Loans to risk group of the Bank		109.963	142.606	252.569	105.631	129.431	235.062
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		1.594.361	5.572.693	7.167.054	1.591.351	4.987.806	6.579.157
6.2	Non performing loans		15.150	5.480	20.630	10.172	5.452	15.624
6.3	Specific provisions (-)		(15.150)	(5.480)	(20.630)	(10.172)	(5.452)	(15.624)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	221.490	-	221.490	211.572	-	211.572
9.1	Accounted for under equity method		219.844	-	219.844	210.046	-	210.046
9.2	Unconsolidated associates		1.646	-	1.646	1.526	-	1.526
9.2.1	Financial investments		-	-	-	-	-	-
9.2.2	Non-financial investments		1.646	-	1.646	1.526	-	1.526
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	847	-	847	847	-	847
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		847	-	847	847	-	847
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	10	-	10	10	-	10
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		10	-	10	10	-	10
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		10	-	10	10	-	10
XII.	LEASE RECEIVABLES (Net)	(10)	-	7.176	7.176	-	9.432	9.432
12.1	Finance lease receivables		-	7.335	7.335	-	9.758	9.758
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	(159)	(159)	-	(326)	(326)
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair value hedge		-	-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	23.377	-	23.377	23.786	-	23.786
XV.	INTANGIBLE ASSETS (Net)	(13)	1.963	-	1.963	2.020	-	2.020
15.1	Goodwill		1.005	-	1.005	1.005	-	1.005
15.2	Other		958	-	958	1.015	-	1.015
XVI.	INVESTMENT PROPERTY (Net)	(14)	246.140	-	246.140	240.370	-	240.370
XVII.	TAX ASSET	(15)	17.155	-	17.155	8.629	-	8.629
17.1	Current tax asset		4.857	-	4.857	2.986	-	2.986
17.2	Deferred tax asset		12.298	-	12.298	5.643	-	5.643
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)	29.561	24.620	54.181	33.790	16.272	50.062
TOTAL ASSETS			5.205.137	6.506.859	11.711.996	5.051.880	5.805.438	10.857.318

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 JUNE 2013

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

			Reviewed Current Period 30 June 2013			Audited Prior Period 31 December 2012		
	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)	1.732	20.608	22.340	1.565	19.432	20.997
III.	FUNDS BORROWED	(3)	53.174	7.618.471	7.671.645	142.819	6.886.786	7.029.605
IV.	MONEY MARKET BALANCES	(3)	1.504.751	259.432	1.764.183	1.265.318	237.310	1.502.628
4.1	Interbank money market takings		-	-	-	247.991	19.458	267.449
4.2	Istanbul Stock Exchange money market takings		160.476	-	160.476	-	-	-
4.3	Funds provided under repurchase agreements		1.344.275	259.432	1.603.707	1.017.327	217.852	1.235.179
V.	DEBT SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		1.363	4.985	6.348	1.909	7.836	9.745
6.1	Borrower funds		1.363	4.985	6.348	1.909	7.836	9.745
6.2	Others		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		67.180	9.145	76.325	77.233	35.597	112.830
VIII.	OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	(5)	-	-	-	6	-	6
10.1	Finance lease payables		-	-	-	6	2	8
10.2	Operating lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance lease expenses (-)		-	-	-	-	(2)	(2)
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
11.1	Fair value hedge		-	-	-	-	-	-
11.2	Cash flow hedge		-	-	-	-	-	-
11.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	(7)	143.284	-	143.284	140.173	-	140.173
12.1	General loan loss provisions		85.494	-	85.494	77.247	-	77.247
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		10.106	-	10.106	8.986	-	8.986
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		47.684	-	47.684	53.940	-	53.940
XIII.	TAX LIABILITY	(8)	8.556	-	8.556	33.207	-	33.207
13.1	Current tax liability		8.556	-	8.556	33.207	-	33.207
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	95.434	95.434	-	89.125	89.125
XVI.	SHAREHOLDERS' EQUITY		1.890.211	33.670	1.923.881	1.849.617	69.385	1.919.002
16.1	Paid-in capital	(11)	1.300.000	-	1.300.000	1.100.000	-	1.100.000
16.2	Capital reserves		8.530	33.670	42.200	100.288	69.385	169.673
16.2.1	Share premium		388	-	388	388	-	388
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund	(11)	(1.152)	33.670	32.518	64.369	69.385	133.754
16.2.4	Tangible assets revaluation differences		8.920	-	8.920	35.157	-	35.157
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8	Hedging reserves (Effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		374	-	374	374	-	374
16.3	Profit reserves		261.998	-	261.998	195.793	-	195.793
16.3.1	Legal reserves		158.444	-	158.444	125.052	-	125.052
16.3.2	Statutory reserves		75.641	-	75.641	60.277	-	60.277
16.3.3	Extraordinary reserves		24.993	-	24.993	7.544	-	7.544
16.3.4	Other profit reserves		2.920	-	2.920	2.920	-	2.920
16.4	Profit or loss		236.591	-	236.591	369.263	-	369.263
16.4.1	Prior years' profit/loss		61.999	-	61.999	52.253	-	52.253
16.4.2	Current year profit/loss		174.592	-	174.592	317.010	-	317.010
16.5	Non-controlling interests	(12)	83.092	-	83.092	84.273	-	84.273
TOTAL LIABILITIES AND EQUITY			3.670.251	8.041.745	11.711.996	3.511.847	7.345.471	10.857.318

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 30 JUNE 2013

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

		Reviewed Current Period 30 June 2013			Audited Prior Period 31 December 2012		
	Note Ref	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		2,506.689	6,279.806	8,786.495	1,642.823	5,350.160	6,992.983
I. GUARANTEES AND COLLATERALS	(1)	300.470	903.911	1,204.381	290.755	921.802	1,212.557
1.1 Letters of guarantee		300.470	460.114	760.584	286.530	349.238	635.768
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		300.470	460.114	760.584	286.530	349.238	635.768
1.2 Bank acceptances		-	-	-	-	-	-
1.2.1 Import letters of acceptance		-	-	-	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	443.797	443.797	-	572.564	572.564
1.3.1 Documentary letters of credit		-	443.797	443.797	-	572.564	572.564
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		-	-	-	4.225	-	4.225
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	1,444.355	2,080.287	3,524.642	1,157.941	1,643.773	2,801.714
2.1 Irrevocable commitments		743.952	31.800	775.752	466.541	22.102	488.643
2.1.1 Forward asset purchase and sales commitments		16.357	16.097	32.454	2.770	7.405	10.175
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	120	-	120
2.1.4 Loan granting commitments		-	4.295	4.295	-	4.007	4.007
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		727.595	11.408	739.003	463.651	10.690	474.341
2.2 Revocable commitments		700.403	2,048.487	2,748.890	691.400	1,621.671	2,313.071
2.2.1 Revocable loan granting commitments		700.403	2,048.487	2,748.890	691.400	1,621.671	2,313.071
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	761.864	3,295.608	4,057.472	194.127	2,784.585	2,978.712
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		761.864	3,295.608	4,057.472	194.127	2,784.585	2,978.712
3.2.1 Forward foreign currency buy/sell transactions		100.654	240.357	341.011	110.621	364.896	475.517
3.2.1.1 Forward foreign currency transactions-buy		46.758	123.060	169.818	55.432	182.456	237.888
3.2.1.2 Forward foreign currency transactions-sell		53.896	117.297	171.193	55.189	182.440	237.629
3.2.2 Swap transactions related to f.c. and interest rates		307.663	2,675.516	2,983.179	52.038	2,300.268	2,352.306
3.2.2.1 Foreign currency swaps-buy		139.351	410.604	549.955	37.968	318.374	356.342
3.2.2.2 Foreign currency swaps-sell		117.912	429.332	547.244	14.070	336.020	350.090
3.2.2.3 Interest rate swaps-buy		25.200	917.790	942.990	-	822.937	822.937
3.2.2.4 Interest rate swaps-sell		25.200	917.790	942.990	-	822.937	822.937
3.2.3 Foreign currency, interest rate and securities options		352.625	378.376	731.001	31.468	119.421	150.889
3.2.3.1 Foreign currency options-buy		207.021	143.916	350.937	15.734	43.896	59.630
3.2.3.2 Foreign currency options-sell		142.114	210.020	352.134	15.734	44.325	60.059
3.2.3.3 Interest rate options-buy		-	12.220	12.220	-	15.600	15.600
3.2.3.4 Interest rate options-sell		-	12.220	12.220	-	15.600	15.600
3.2.3.5 Securities options-buy		1.745	-	1.745	-	-	-
3.2.3.6 Securities options-sell		1.745	-	1.745	-	-	-
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		922	1.217	2.139	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		922	1.217	2.139	-	-	-
3.2.6 Other		-	142	142	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		24,245.835	81,870.927	106,116.762	5,378.889	70,139.115	75,518.004
IV. ITEMS HELD IN CUSTODY		4,651.363	288.423	4,939.786	1,288.698	264.194	1,552.892
4.1 Customers' securities held		9.669	-	9.669	8.619	-	8.619
4.2 Investment securities held in custody		3,298.369	288.423	3,586.792	297.966	264.194	562.160
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		3.550	-	3.550	3.335	-	3.335
4.8 Custodians		1,339.775	-	1,339.775	978.778	-	978.778
V. PLEDGED ITEMS		9,200.764	50,829.759	60,030.523	3,136.693	45,668.955	48,805.648
5.1 Marketable securities		393.436	2,149.408	2,542.844	2.935	1,208.830	1,211.765
5.2 Guarantee notes		78.738	1,156.839	1,235.577	53.398	1,300.783	1,354.181
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		391.340	17,336.961	17,728.301	90.594	16,092.349	16,182.943
5.6 Other pledged items		8,337.250	30,186.551	38,523.801	2,989.766	27,066.993	30,056.759
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10,393.708	30,752.745	41,146.453	953.498	24,205.966	25,159.464
TOTAL OFF BALANCE SHEET ITEMS (A+B)		26,752.524	88,150.733	114,903.257	7,021.712	75,489.275	82,510.987

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

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

	Note Ref.	Reviewed Current Period 1 January – 30 June 2013	Reviewed Prior Period 1 January – 30 June 2012	Reviewed Current Period 1 April – 30 June 2013	Reviewed Prior Period 1 April – 30 June 2012
I. INTEREST INCOME	(1)	307.007	306.673	156.767	158.395
1.1 Interest income on loans		184.636	160.956	101.136	84.313
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		12.299	8.664	5.098	3.932
1.4 Interest received from money market placements		3.494	5.914	2.100	496
1.5 Interest received from marketable securities portfolio		106.296	130.256	48.300	69.104
1.5.1 Financial assets held for trading		374	3.084	268	1.471
1.5.2 Financial assets at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		105.922	119.479	48.032	67.633
1.5.4 Investments held-to-maturity		-	7.693	-	-
1.6 Finance lease income		174	763	79	474
1.7 Other interest income		108	120	54	76
II. INTEREST EXPENSES	(2)	(77.168)	(101.455)	(39.417)	(53.147)
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(42.869)	(47.093)	(22.563)	(24.188)
2.3 Interest on money market borrowings		(34.280)	(54.291)	(16.877)	(28.924)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expenses		(19)	(71)	23	(35)
III. NET INTEREST INCOME (I - II)		229.839	205.218	117.350	105.248
IV. NET FEES AND COMMISSIONS INCOME		15.639	12.773	7.011	6.837
4.1 Fees and commissions received		17.012	14.412	7.725	7.634
4.1.1 Non-cash loans		3.534	4.192	1.853	2.126
4.1.2 Other		13.478	10.220	5.872	5.508
4.2 Fees and commissions paid		(1.373)	(1.639)	(714)	(797)
4.2.1 Non-cash loans		(433)	(541)	(227)	(236)
4.2.2 Other		(940)	(1.098)	(487)	(561)
V. DIVIDEND INCOME	(3)	13.493	5.611	8.564	5.589
VI. TRADING INCOME / LOSSES (Net)	(4)	(4.248)	27.918	(12.525)	9.987
6.1 Securities trading gains/losses		5.261	3.525	412	807
6.2 Derivative financial instruments gains/losses		(943)	34.688	(5.157)	318
6.3 Foreign exchange gains/losses (net)		(8.566)	(10.295)	(7.780)	8.862
VII. OTHER OPERATING INCOME	(5)	16.347	20.404	2.932	14.488
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		271.070	271.924	123.332	142.149
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(19.680)	(14.860)	(8.438)	(11.940)
X. OTHER OPERATING EXPENSES (-)	(7)	(53.261)	(49.792)	(26.499)	(25.904)
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)		198.129	207.272	88.395	104.305
XII. AMOUNT IN EXCESS RECORDED AS INCOME RESULTED FROM MERGER		-	-	-	-
XIII. PROFIT/LOSS ON EQUITY METHOD		13.189	9.047	8.309	6.051
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/LOSS FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	211.318	216.319	96.704	110.356
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(37.897)	(41.191)	(17.015)	(22.444)
16.1 Current tax charge		(20.532)	(42.172)	(2.541)	(22.188)
16.2 Deferred tax charge		(17.365)	981	(14.474)	(256)
XVII. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		173.421	175.128	79.689	87.912
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
XIX. LOSS ON DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss on assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
19.3 Loss on other discontinued operations		-	-	-	-
XX. PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	173.421	175.128	79.689	87.912
23.1 Group's profit / loss		174.592	169.774	81.590	86.176
23.2 Non-controlling interests		(1.171)	5.354	(1.901)	1.736
Earnings / (losses) per share		0,133	0,135	0,061	0,068

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

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

	Reviewed Current Period 1 January 2013 – 30 June 2013	Reviewed Prior Period 1 January 2012 – 30 June 2012
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(121.866)	39.965
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	(3.390)	(1.171)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	24.020	(7.858)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(101.236)	30.936
XI. CURRENT YEAR PROFIT/LOSS	173.421	175.128
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	4.795	(920)
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	168.626	176.048
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	72.185	206.064

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

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

	Note Ref.	Paid in Capital	Effect of Inflation on Paid in Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / Loss	Prior Period Net Profit / Loss	Marketable Security Revaluation Differences	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained From Associates, Subs and Jointly Controlled Entities	Hedging Reserves	Revaluation Surplus on Assets Held for sale and on Disc. Operations	Shareholders' Equity Before Non-controlling Interest	Non-Controlling Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDER'S EQUITY																			
Prior Period – 30 June 2012																			
I. Opening Balance		800.000	374	413	-	97.975	47.510	152.167	2.920	-	310.617	17.160	31.174	-	-	-	1.460.310	96.791	1.557.101
II. Adjustments In Accordance With TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect Of Correction Of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		800.000	374	413	-	97.975	47.510	152.167	2.920	-	310.617	17.160	31.174	-	-	-	1.460.310	96.791	1.557.101
Changes During The Period																			
IV. Increases/Decreases Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Security Revaluation Differences		-	-	-	-	-	-	-	-	-	-	30.936	-	-	-	-	30.936	-	30.936
VI. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedge Of Net Investment In Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	(3.983)	-	3.983	-	-	-	-	-	-
VIII. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares Obtained From Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Reclassification Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect Of Change In Equities Of Associates On Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		300.000	-	-	-	-	-	(163.000)	-	-	(137.000)	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		300.000	-	-	-	-	-	(163.000)	-	-	(137.000)	-	-	-	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	175	-	-	-	-	-	-	-	-	175	-	175
IX. Period net income		-	-	-	-	-	-	-	-	169.774	-	-	-	-	-	-	169.774	5.354	175.128
XX. Profit Distribution		-	-	-	-	27.936	12.767	23.598	-	-	(114.780)	-	-	-	-	-	(50.479)	-	(50.479)
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(50.479)	-	-	-	-	-	(50.479)	-	(50.479)
20.2 Transfers to reserves		-	-	-	-	27.936	12.767	23.598	-	-	(64.301)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		1.100.000	374	413	-	125.911	60.277	12.940	2.920	169.774	54.854	48.096	35.157	-	-	-	1.610.716	102.145	1.712.861
Current Period – 30 June 2013																			
I. Opening Balance		1.100.000	374	388	-	125.052	60.277	7.544	2.920	-	369.263	133.754	35.157	-	-	-	1.834.729	84.273	1.919.002
II. Increase / Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	(101.236)	-	-	-	-	(101.236)	(10)	(101.246)
IV. Hedging (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	28.379	-	-	(2.142)	-	(26.237)	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		200.000	-	-	-	-	-	(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		200.000	-	-	-	-	-	(32.000)	-	-	(168.000)	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income		-	-	-	-	-	-	-	-	174.592	-	-	-	-	-	-	174.592	(1.171)	173.421
XVIII. Profit distribution		-	-	-	-	33.392	15.364	21.070	-	-	(137.122)	-	-	-	-	-	(67.296)	-	(67.296)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(67.296)	-	-	-	-	-	(67.296)	-	(67.296)
18.2 Transfers to reserves		-	-	-	-	33.392	15.364	21.070	-	-	(69.826)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		1.300.000	374	388	-	158.444	75.641	24.993	2.920	174.592	61.999	32.518	8.920	-	-	-	1.840.789	83.092	1.923.881

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period 30 June 2013	Reviewed Prior Period 30 June 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		253.620	142.589
1.1.1 Interest received		411.261	290.173
1.1.2 Interest paid		(79.973)	(103.255)
1.1.3 Dividends received		7.556	5.611
1.1.4 Fees and commissions received		17.012	14.412
1.1.5 Other income		19.727	62.099
1.1.6 Collections from previously written off loans		1.146	1.293
1.1.7 Payments to personnel and service suppliers		(45.467)	(40.372)
1.1.8 Taxes paid		(47.601)	(33.574)
1.1.9 Others	(1)	(30.041)	(53.798)
1.2 Changes in operating assets and liabilities		41.864	22.174
1.2.1 Net (increase) decrease in financial assets		(12.912)	43.235
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.4 Net (increase) decrease in loans		(185.929)	(565.907)
1.2.5 Net (increase) decrease in other assets		(109.799)	65.930
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		113.534	325.433
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	236.970	153.483
I. Net cash provided by/(used in) banking operations		295.484	164.763
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		38.966	(263.305)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		(120)	(300)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed asset purchases		(7.382)	(3.840)
2.4 Fixed asset sales		1.134	1.283
2.5 Cash paid for purchase of financial assets available for sale		(493.877)	(355.928)
2.6 Cash obtained from sale of financial assets available for sale		539.348	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities (*)		-	95.787
2.9 Others	(1)	(137)	(307)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		(67.296)	(50.476)
3.1 Cash obtained from funds borrowed and securities issued		-	3
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(67.296)	(50.479)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	3.676	(1.456)
V. Net increase / (decrease) in cash and cash equivalents		270.830	(150.474)
VI. Cash and cash equivalents at beginning of the period		466.659	534.689
VII. Cash and cash equivalents at end of the period		737.489	384.215

(*) Prior period amount comprises of the Parent Bank's held to maturity investment that was redeemed on 15 February 2012.

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

As prescribed in the Article 37 of the Banking Act No. 5411, banks shall, in line with the principles and procedures to be established by the Banking Regulation and Supervision Agency (“BRSA”) upon consulting the associations of financial institutions and the Turkish Accounting Standards Board taking into consideration international standards, ensure uniformity in their accounting systems; correctly record all their transactions; and timely and accurately prepare their financial reports in a style and format that will meet disclosure requirements, clearly reliable and comparable, and suitable for auditing, analysis and interpretation.

The Parent Bank prepares its financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, explanations and circulars on accounting and financial reporting principles announced by the BRSA, Turkish Commercial Code and Turkish Tax Legislation.

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

Additional paragraph for convenience translation to English

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

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

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

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of 30 June 2013. The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

Yatırım Finansman Menkul Değerler A.Ş. :

Yatırım Finansman Menkul Değerler A.Ş. was established with the title of Yatırım Finansman A.Ş. and registered in Istanbul Trade Registry on 15 October 1976 and it was announced in the Turkish Trade Registry Gazette No: 81 on 25 October 1976. Title of the Company was changed into Yatırım Finansman Menkul Değerler A.Ş. by the announcement made in the Turkish Trade Registry Gazette No: 4762 on 2 April 1999. The Company’s purpose is to perform capital market operations specified in the Company’s main contract in accordance with the Capital Market Law and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on 29 December 2006.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

Core business of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The Company was established on 3 February 2006.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. was established on 8 February 1988 and it has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No: 6361. The Company started its leasing operations in July 1988. The Company’s headquarters is located at Istanbul/Türkiye.

İş Faktoring A.Ş. :

İş Faktoring A.Ş., 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%.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

The principal business of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. is to make long-term investments in companies existing in Turkey or to be established in Turkey, having a development potential and are in need of financing. The Company is continuing its operations at İş Kuleleri Kule: 2, Kat: 2, Levent, Istanbul.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on forward and option contracts and derivative instruments

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

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

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

V. Explanations on interest income and expenses

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

VI. Explanations on fees and commission income and expenses

Fees and commissions received from cash loans, that are not an integral part of the effective interest rate, and fees for various banking services are recorded as income when collected. Fees and commissions paid for the funds borrowed, which are not integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. As of 30 June 2013, all other income and expenses, fee and commission income and expenses, including commissions received from non-cash loans are recorded on an accrual basis.

VII. Explanations on financial assets

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

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

In case of application of settlement date accounting, the entity accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the entity settles.

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

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

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

Cash, Banks and Other Financial Institutions:

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book values of these assets approximate their fair values.

Marketable Securities:

The Group classifies its marketable securities in 3 groups:

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

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

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

Interest income earned from held-to-maturity investments is recognized as interest income on income statement. The group has no held to maturity investments as of 30 June 2013 (31 December 2012: None).

As of the reporting date, the Group calculated internal rate of return of the CPI indexed marketable securities considering expected inflation index of future cash flows. The effect of this application is accounted as interest received from marketable securities in the consolidated financial statements.

Explanations on investments in associates and subsidiaries:

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

Loans:

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

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

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

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

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

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

VIII. Explanations on impairment on financial assets

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment on financial assets (continued)

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

As a consequence of the regulation published in Official Gazette No. 27968 dated 18 June 2011 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 percent of total loans, general loan loss provision ratio is four percent for consumer loans which are followed under standard loans and receivables except car and housing loans; and is eight percent for the loans under close monitoring except car and housing loans. Since the consumer loans of the Parent Bank are composed of personnel loans as of 30 June 2013 and do not exceed the ratios mentioned above, additional general loan loss provision has not been calculated.

In accordance with the communiqué “The Amendment to the Communiqué on Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions” published on 21 September 2012 No: 28418 Official Gazette, the Parent Bank has calculated general loan loss provisions with the rates stated in the first paragraph of Article 7 of the Communiqué.

IX. Explanations on offsetting of financial assets and liabilities

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XI. Explanations on assets held for sale and discontinued operations

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

XII. Explanations on goodwill and other intangible assets

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII Explanations on goodwill and other intangible assets (continued)

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

XIII. Explanations on tangible assets

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

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

Normal maintenance and repair expenditures are expensed.

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

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

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

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

Investment Property

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

XIV. Explanations on leasing transactions

The Group as lessor

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leasing transactions (continued)

The Group as lessee

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

XV. Explanations on provisions and contingent liabilities

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

Explanations on contingent assets

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

XVI. Explanations on liabilities regarding employee benefits

Under Turkish laws and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. In retirement and involuntarily leaving, the Group records the present value of the defined benefit obligation.

There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period.

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits (continued)

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

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

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

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

The Main Opposition Party has appealed to the Constitutional Court on 19 June 2008 for cancellation of some articles, including the first paragraph of 20. Temporary article of the Law, and requested them to be ineffective until the case of revocatory action is finalized. The application of the Main Opposition Party was rejected by the Higher Court with the resolution dated 30 March 2011.

Unmet social benefits and payments of the pension fund participants and other employees that receive monthly income although they are within the scope of the related settlement deeds would be met by pension funds and the institutions employ these participants after the transfer of pension funds to the Social Security Institution.

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2012 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 11 February 2013. There is no need for technical or actual deficit to book provision as of 31 December 2012.

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation

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

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

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

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

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

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

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

Transfer pricing

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

XVIII. Additional explanations on borrowings

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on share certificates issued

In the meeting of the General Assembly held on 26 March 2013, it has been resolved that, paid-in capital of the Parent Bank will be increased from TL 1.100.000 to TL 1.300.000 by TL 200.000. In respect of the resolution of the General Assembly, TL 168.000 of this increase will be incorporated from the profit of the year 2012, TL 32.000 of this increase will be incorporated from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 3 May 2013, and has been published in the Turkish Trade Registry Gazette No: 8351 on 27 June 2013.

In the prior period, in the meeting of the General Assembly held on 26 March 2012; it has been resolved that, paid-in capital of the Parent Bank will be increased from TL 800.000 to TL 1.100.000 by TL 300.000. In respect of the resolution of the General Assembly, TL 137.000 of this increase will be incorporated from the profit of the year 2010. The increase in paid-in capital was approved by the BRSA on 10 May 2012, has registered on 6 June 2012 and has been published in the Turkish Trade Registry Gazette No: 8088 on 12 June 2012.

XX. Explanations on acceptances

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

XXI. Explanations on government incentives

The Parent Bank does not use government incentives.

XXII. Explanations on segment reporting

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

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

The activities of investment banking are; the operations of Treasury, Corporate Finance, Research, Financial Institutions and Marketable Securities and Portfolio Management departments. 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.

Information about consolidated associates and subsidiaries for segment reporting is shown as "Other".

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXII. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	138.185	86.963	4.691	229.839
Net Fees and Commission Income	3.566	336	11.737	15.639
Other Income	7.224	38	35.454	42.716
Other Expense	(29.206)	(10.661)	(37.009)	(76.876)
Profit Before Tax	119.769	76.676	14.873	211.318
Tax Provision				(37.897)
Net Profit				173.421
Group's profit / loss				174.592
Non-controlling interest				(1.171)
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	7.397.939	3.391.731	699.979	11.489.649
Investment in Associates and Subsidiaries	-	-	222.347	222.347
Total Assets	7.397.939	3.391.731	922.326	11.711.996
Segment Liabilities	7.662.122	1.657.569	468.424	9.788.115
Shareholders' Equity	-	-	1.923.881	1.923.881
Total Liabilities	7.662.122	1.657.569	2.392.305	11.711.996

Prior Period (*)	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	111.723	98.833	(5.338)	205.218
Net Fees and Commission Income	4.257	1.256	7.260	12.773
Other Income	11.002	4.880	69.417	85.299
Other Expense	(28.161)	(11.885)	(46.925)	(86.971)
Profit Before Tax	98.821	93.084	24.414	216.319
Tax Provision				(41.191)
Net Profit				175.128
Group's profit / loss				169.774
Non-controlling interest				5.354
Prior Period (**)	Corporate Banking	Investment Banking	Other	Total
Segment Assets	6.792.868	3.068.682	783.339	10.644.889
Investment in Associates and Subsidiaries	-	-	212.429	212.429
Total Assets	6.792.868	3.068.682	995.768	10.857.318
Segment Liabilities	6.718.858	1.540.142	679.316	8.938.316
Shareholders' Equity	-	-	1.919.002	1.919.002
Total Liabilities	6.718.858	1.540.142	2.598.318	10.857.318

(*) The information is related to 30 June 2012.

(**) The information is related to 31 December 2012.

XXIII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the consolidated capital adequacy standard ratio

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

As of 30 June 2013, the Parent Bank’s capital adequacy ratios in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 18,04%.

Information related to the consolidated capital adequacy standard ratio

	Risk Weights (*)						
	Parent Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.031.094	607.085	1.868.641	-	7.900.881	11	-
Risk Types							
Contingent and Non-Contingent Claims on Sovereigns	2.030.848	-	318.492	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	533	-	-
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	-	567.056	891.751	-	-	-	-
Contingent and Non-Contingent Claims on Corporate	-	40.029	560.211	-	7.344.799	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	98.187	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-	11	-
Securities Secured by Mortgage	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate Undertakings for Collective Investments in Transferable Securities	-	-	-	-	185.541	-	-
Other Claims	246	-	-	-	370.008	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

	Risk Weights (*)						
	Consolidated						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.047.951	718.027	2.057.336	-	7.837.351	11	-
Risk Types							
Contingent and Non-Contingent Claims on Sovereigns	2.047.633	-	318.492	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	600	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1.117	-	-
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	-	677.998	1.079.846	-	-	-	-
Contingent and Non-Contingent Claims on Corporate	-	40.029	560.211	-	7.418.640	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	98.187	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-	11	-
Securities Secured by Mortgage	-	-	-	-	-	-	-
Securitization Exposures							
Short-Term Claims on Banks and Corporate Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-	-
Other Claims	318	-	-	-	336.239	-	-

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

Summary information related to the consolidated capital adequacy standard ratio

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	716.531	720.771	652.296	654.291
Capital Requirement for Market Risk (CRMR)	13.602	24.708	15.460	15.101
Capital Requirement for Operational Risk (CROR)	56.851	63.333	47.693	56.193
Shareholders' Equity	1.903.924	1.824.229	1.820.009	1.762.403
Shareholders' Equity/((CRCR+CRMR+CROR)*12,5)*100	19,35	18,04	20,35	19,43

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

Information related to the components of consolidated shareholders' equity

	The Parent Bank	Consolidated	The Parent Bank	Consolidated
CORE CAPITAL	Current Period	Current Period	Prior Period	Prior Period
Paid-in Capital	1.300.000	1.300.000	1.100.000	1.100.000
Nominal Capital	1.300.000	1.300.000	1.100.000	1.100.000
Capital Commitments (-)	-	-	-	-
Inflation Adjustment to Share Capital	374	374	374	374
Share Premium	-	388	-	388
Share Cancellation Profits	-	-	-	-
Legal Reserves	253.426	261.998	187.221	195.793
Inflation Adjustment on Legal Reserves, Statutory Reserves and Extraordinary Reserves	-	-	-	-
Profit	176.671	236.591	307.264	369.263
Current Period Profit	176.671	174.592	307.264	317.010
Prior Years' Profits	-	61.999	-	52.253
Provisions for Possible Losses up to 25% of Core Capital	-	-	-	-
Profit on sale of associates, subsidiaries and buildings	8.920	8.920	35.157	35.157
Primary subordinated loans	-	-	-	-
Non-controlling interest	-	83.087	-	84.258
Loss that is not covered with reserves (-)	-	-	-	-
Net current period loss	-	-	-	-
Prior period loss	-	-	-	-
Leasehold improvements (-)	(139)	(1.419)	(198)	(873)
Intangible assets (-)	(616)	(958)	(618)	(1.015)
Deferred-assets for tax which exceeds 10% of core	-	-	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-	-	-
Consolidation Goodwill (Net) (-)	-	(1.005)	-	(1.005)
Total Core Capital	1.738.636	1.887.976	1.629.200	1.782.340

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

	The Parent Bank	Consolidated	The Parent Bank	Consolidated
SUPPLEMENTARY CAPITAL	Current Period	Prior Period	Current Period	Prior Period
General Loan Loss Provisions	92.777	85.494	83.714	77.247
45% of the Revaluation Reserve for Movable Fixed Assets	-	-	-	-
45% of the of Revaluation Reserve for Properties	-	-	-	-
Bonus Shares Obtained from Associates, Subsidiaries and Entities Under Common Control	-	-	-	-
Primary Subordinated Loans Excluded in the Calculation of the Core Capital	-	-	-	-
Secondary Subordinated Loans (*)	56.850	56.850	53.040	53.040
45% of the Marketable Securities Value Increase Fund (**)	16.026	14.116	54.429	60.189
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-	-	-
Non Controlling Interest	-	2	-	7
Total Supplementary Capital	165.653	156.462	191.183	190.483
CAPITAL	1.904.289	2.044.438	1.820.383	1.972.823
DEDUCTIONS FROM THE CAPITAL	(365)	(220.209)	(374)	(210.420)
Shareholdings in Non-consolidated Banks and Financial Institutions	-	-	-	-
Loans Extended to Banks, Financial Institutions (Domestic and Abroad) and Qualified Shareholders, Like Secondary Subordinated Loan and Debt Instruments Purchased from These Institutions Issued, Like Primary and Secondary Subordinated Loan	-	-	-	-
Banks and Financial Institutions to which are Accounted for Under Equity Method, but, are not Consolidated	-	(219.844)	-	(210.046)
Loans Extended Being Non-compliant with Articles 50 and 51 of the Law	-	-	-	-
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired in Exchange of Loans and Receivables According to the Article 57 of the Banking Law and have not been Disposed yet	(365)	(365)	(374)	(374)
Securitisation Positions Deducted from Equity Preferred	-	-	-	-
Other	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	1.903.924	1.824.229	1.820.009	1.762.403

(*) According to BRSA's "Regulation on Equity of Banks", 60% amount of the Parent Bank's Subordinated Loan is included in the calculation of supplementary capital if the maturity of the subordinated loan is less than 5 years.

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

II. Explanations related to consolidated credit risk

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

III. Explanations related to the consolidated market risk

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

The guidelines prepared by the Risk Management Group that is composed of the Risk Management Directorate and the Risk Management Committee regarding organization, responsibility and fields of activity were approved by the Board of Directors. Risk management policies were determined and announced throughout the Parent Bank.

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

1.a Information related to the consolidated market risk:

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	5.727
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	868
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	15.295
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	857
(VII) Counterparty credit risk capital requirement - Standard method	1.961
(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	24.708
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	308.850

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

2. Explanation related to counter party risk

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

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

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

IV. Explanations related to consolidated operational risk

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

V. Explanations related to consolidated currency risk

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

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

The Group has no hedging transactions through derivative instruments for its foreign currency borrowings and net foreign currency investments.

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

	1 USD	1 Euro
A. Bank "Foreign Exchange Valuation Rate"		
30 June 2013	1,8950	2,4766
Prior Five Workdays:		
28 June 2013	1,8950	2,4766
27 June 2013	1,9100	2,4893
26 June 2013	1,9100	2,4962
25 June 2013	1,9250	2,5237
24 June 2013	1,9240	2,5208

Simple arithmetic thirty-day averages of the USD and Euro buying rates of the Parent Bank before the reporting date are TL 1,8796 and 2,4786; respectively.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

V. Explanations related to consolidated currency risk (continued)

Information on the Group's foreign currency risk:

	Euro	USD	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	77.019	112.370	-	189.389
Banks	129.490	37.630	1.136	168.256
Financial Assets at Fair Value Through Profit and Loss (*)	6.756	10.042	-	16.798
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	31.148	352.778	-	383.926
Loans (**)	2.980.158	4.169.644	-	7.149.802
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Held-To-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	7.074	24.424	-	31.498
Total Assets	3.231.645	4.706.888	1.136	7.939.669
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	10.134	249.290	8	259.432
Funds Provided From Other Financial Institutions	3.418.037	4.295.868	-	7.713.905
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	3.283	5.839	23	9.145
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (****)	11.382	12.305	1	23.688
Total Liabilities	3.442.836	4.563.302	32	8.006.170
Net Balance Sheet Position	(211.191)	143.586	1.104	(66.501)
Net Off-Balance Sheet Position	113.184	(204.487)	-	(91.303)
Financial Derivative Assets	449.666	229.846	-	679.512
Financial Derivative Liabilities	(336.482)	(434.333)	-	(770.815)
Non-Cash Loans (*****)	61.723	842.188	-	903.911
Prior Period				
Total Assets	3.027.903	4.226.956	483	7.255.342
Total Liabilities	3.357.583	3.916.951	33	7.274.567
Net Balance Sheet Position	(329.680)	310.005	450	(19.225)
Net Off –Balance Sheet Position	242.119	(261.867)	893	(18.855)
Financial Derivative Assets	416.985	130.153	893	548.031
Financial Derivative Liabilities	(174.866)	(392.020)	-	(566.886)
Non-Cash Loans (*****)	110.311	811.491	-	921.802

(*) Exchange rate differences arising from derivative transactions amounting to TL 1.395 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended include TL 1.434.503 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 298 have not been included in "Other Assets".

(****) Marketable securities valuation increase fund amounting to TL 33.670 and exchange rate differences arising from derivative transactions amounting to TL 1.905 have not been included in "Other Liabilities". Borrower funds amounting TL 4.985 based on foreign currencies have been included in "Other Liabilities".

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

VI. Explanations related to consolidated interest rate risk

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	218.543	218.543
Banks	276.824	64.368	-	-	-	23.936	365.128
Financial Assets at Fair Value Through Profit and Loss	12.595	6.801	12.440	14.866	2.873	2.020	51.595
Money Market Placements	216.012	126.083	-	-	-	-	342.095
Available-for-Sale Financial Assets	954.610	603.673	597.211	340.505	194.402	52.272	2.742.673
Loans	1.377.970	2.832.303	2.703.544	450.327	26.619	28.860	7.419.623
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	2.066	5.955	324	-	-	563.994	572.339
Total Assets	2.840.077	3.639.183	3.313.519	805.698	223.894	889.625	11.711.996
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.723.104	-	41.079	-	-	-	1.764.183
Miscellaneous Payables	-	-	-	-	-	76.325	76.325
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.381.702	3.056.279	1.763.051	143.014	423.033	-	7.767.079
Other Liabilities (***)	8.990	1.227	7.800	9.761	910	2.075.721	2.104.409
Total Liabilities	4.113.796	3.057.506	1.811.930	152.775	423.943	2.152.046	11.711.996
Balance Sheet Long Position	-	581.677	1.501.589	652.923	-	-	2.736.189
Balance Sheet Short Position	(1.273.719)	-	-	-	(200.049)	(1.262.421)	(2.736.189)
Off-Balance Sheet Long Position	39.511	79.356	10.977	-	66.506	-	196.350
Off-Balance Sheet Short Position	-	-	-	(198.209)	-	-	(198.209)
Total Position	(1.234.208)	661.033	1.512.566	454.714	(133.543)	(1.262.421)	(1.859)

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

(**) Finance lease receivables amounting to TL 7.176 are presented in "Other Assets" on the basis of related maturities.

(***) Borrower funds amounting to TL 4.985 are presented in "Other Liabilities" within 1-month maturity column..

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

Average interest rates applied to monetary financial instruments: %

	Euro	USD	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	-	-	-	-
Banks	2,95	1,18	-	7,53
Financial Assets at Fair Value Through Profit and Loss	-	7,00	-	7,82
Money Market Placements	-	-	-	7,80
Available-for-Sale Financial Assets	5,40	6,65	-	7,94
Loans	3,62	4,23	-	8,92
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,53	1,02	-	4,70
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	0,50	0,50	-	3,00
Funds Provided From Other Financial Institutions	0,87	1,11	-	7,08

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	132.666	132.666
Banks	22.054	333.221	43.804	-	-	40.996	440.075
Financial Assets at Fair Value Through Profit and Loss	6.182	11.103	9.022	5.686	5.739	3.437	41.169
Money Market Placements	199	-	-	-	-	-	199
Available-for-Sale Financial Assets	979.951	726.647	483.844	377.504	275.789	38.527	2.882.262
Loans	1.098.707	2.467.258	2.819.258	357.741	40.472	30.783	6.814.219
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	8.282	7.585	793	37	-	530.031	546.728
Total Assets	2.115.375	3.545.814	3.356.721	740.968	322.000	776.440	10.857.318
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.499.687	2.164	777	-	-	-	1.502.628
Miscellaneous Payables	-	-	-	-	-	112.830	112.830
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.435.160	2.792.656	1.564.704	84.866	241.344	-	7.118.730
Other Liabilities (***)	10.875	380	1.989	7.941	9.563	2.092.382	2.123.130
Total Liabilities	3.945.722	2.795.200	1.567.470	92.807	250.907	2.205.212	10.857.318
Balance Sheet Long Position	-	750.614	1.789.251	648.161	71.093	-	3.259.119
Balance Sheet Short Position	(1.830.347)	-	-	-	-	(1.428.772)	(3.259.119)
Off-Balance Sheet Long Position	73.921	56.549	-	9.960	-	-	140.430
Off-Balance Sheet Short Position	-	-	(82.257)	-	(52.096)	-	(134.353)
Total Position	(1.756.426)	807.163	1.706.994	658.121	18.997	(1.428.772)	6.077

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

(**) Finance lease receivables amounting to TL 9.432 are presented in "Other Assets" on the basis of related maturities.

(***) Borrower funds amounting to TL 9.745 are presented in "Other Liabilities" within 1-month maturity column.

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

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

	Euro	USD	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	-	-	-	-
Banks	3,52	-	-	7,75
Financial Assets at Fair Value Through Profit and Loss	-	7,00	-	8,79
Money Market Placements	-	-	-	4,75
Available-for-Sale Financial Assets	5,36	6,49	-	9,04
Loans	3,75	4,25	-	10,32
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,76	1,02	-	5,62
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	1,00	1,00	-	6,50
Funds Provided From Other Financial Institutions	1,18	1,19	-	6,62

The interest rate risk of the banking book items

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

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

Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders’ Equity – Loss/ Shareholders’ Equity
TL	+500 / (400) basis point	(47.382) / 42.060	(2,5%) / 2,2%
Euro	+200 / (200) basis point	9.007 / (13.758)	0,5% / (0,7%)
US Dollar	+200 / (200) basis point	(16.080) / 12.122	(0,8%) / 0,6%
Total (for Negative Shocks)		40.424	2,1%
Total (for Positive Shocks)		(54.456)	(2,9%)

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VII. Explanations related to consolidated stock position risk

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

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

Equity shares risk due from banking book

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

Share Certificate Investments	Comparison		
	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	12.232	-	12.232
Quoted	12.232	-	12.232

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.

Portfolio	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	643	-	-	235	-	106
Other Share Certificates	-	-	-	-	-	-
Total	643	-	-	235	-	106

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VIII. Explanations related to the consolidated liquidity risk

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period							-	
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	31.891	153.489	-	33.163	-	-	-	218.543
Banks	23.936	276.824	64.368	-	-	-	-	365.128
Financial Assets at Fair Value Through Profit and Loss	2.020	8.193	1.117	11.259	24.150	4.856	-	51.595
Money Market Placements	-	216.012	126.083	-	-	-	-	342.095
Financial Assets Available-for-Sale	-	96.847	503	752.176	1.201.588	639.287	52.272	2.742.673
Loans	28.860	254.662	329.859	1.122.968	4.117.721	1.565.553	-	7.419.623
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	572	7.864	2.454	3.215	1.202	-	557.032	572.339
Total Assets	87.279	1.013.891	524.384	1.922.781	5.344.661	2.209.696	609.304	11.711.996
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	496.258	128.042	393.493	2.845.901	3.903.385	-	7.767.079
Money Market Borrowings	-	1.723.104	-	41.079	-	-	-	1.764.183
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	4.210	-	-	-	-	-	72.115	76.325
Other Liabilities (***)	963	8.027	1.227	7.789	9.762	921	2.075.720	2.104.409
Total Liabilities	5.173	2.227.389	129.269	442.361	2.855.663	3.904.306	2.147.835	11.711.996
Liquidity Gap	82.106	(1.213.498)	395.115	1.480.420	2.488.998	(1.694.610)	(1.538.531)	-
Prior Period								
Total Assets	103.264	579.630	578.222	1.561.530	5.372.622	2.093.492	568.558	10.857.318
Total Liabilities	12.097	1.769.723	121.817	546.520	2.595.519	3.624.027	2.187.615	10.857.318
Liquidity Gap	91.167	(1.190.093)	456.405	1.015.010	2.777.103	(1.530.535)	(1.619.057)	-

(*) Other assets and shareholders' equity, provisions and tax liability, which are necessary and cannot be converted into cash in the near future for the Parent 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.

(**) Finance lease receivables amounting to TL 7.176 are presented in "Other Assets" on the basis of related maturities.

(***) Borrower funds amounting to TL 4.985 are presented in "Other Liabilities" within 1-month maturity column.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
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IX. Explanations related to consolidated securitization positions

None.

X. Explanations related to consolidated credit risk mitigation techniques

Offsetting is not used as a credit risk mitigation technique. In assessments within the scope of credit risk mitigation techniques, using methods in regard to valuation and management of collaterals are realized in parallel with communiqué relating to Credit Risk Mitigation Techniques. Financial collaterals are evaluated on a daily basis in the Parent Bank. Depending on the comprehensive financial collateral approach, risk mitigating effects of the collaterals are considered through the standard volatility adjustments. Value of the real estates subject to the collateral is determined at least once a year for commercial real estates and determined at least triennially for residential real estates. In the cases that significant changes in market conditions appear, the review is carried out at more frequent intervals. Within the communiqué, as a matter of credit risk mitigation techniques, only residences and commercial real estates (Warehouse, School, Hospital, Office and Store) which are not used for production purposes and can provide rental income are taken into consideration. In addition, land, field and orchard lands are also considered within same concept. Value of the real estates is assessed by the real estate appraisal companies, which are included in the list to provide valuation service by the CMB. Within the credit risk mitigation techniques, major collaterals that can be used by the Parent Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, Stock Pledges), guarantees and mortgages. As of 30 June 2013, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used. As of 30 June 2013, risk amounts which credit risk mitigation techniques are used are shown below the table according to risk types.

Collaterals which are grouped according to risk types

Risk Types	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	3.600.355	1.255.424	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	3.000	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	6.179	1.539	-	-
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	2.331.463	207.902	-	-
Contingent and Non-Contingent Claims on Corporates	11.336.585	143.010	-	11.751
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	98.187	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	11	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	106.573	9.125	-	-
Other Claims	336.557	-	-	-
Total	17.818.910	1.617.000	-	11.751

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XI. Explanations related to consolidated risk management objective and policies

The purpose of the risk management system is to provide identifying, measuring, reporting, monitoring and controlling the risk exposure on both unconsolidated and consolidated basis, through the policies determined related to controlling the risk-return structure of future cash flows of the Parent Bank and observing, controlling, changing if needed, application procedures, limits and policies of the Parent 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 Parent Bank determine and regularly review the risk level that the Bank is willing to bear to achieve its objectives, considering the risk capacity of the Parent Bank.

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

Risk Management monitors the compliance of the risks in line with the Parent 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 Parent Bank is mainly exposed to credit risk, market risk, operational risk, currency risk, interest rate risk and liquidity risk.

Credit risk management policy

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

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

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

Credit risk management policy (continued)

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

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

Market risk management policy and currency risk management policy

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

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

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

Operational risk management policy

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

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

Operational risk management policy (continued)

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

Structural interest rate risk management policy

Structural interest rate risk is the risk of possible changes in interest rates affecting the capital of bank due to re-pricing period of interest bearing assets and liabilities banking books of the Bank and the differences at interest structuring. Structural interest rate risk is managed by providing consistent information related to structural interest rate risk to all the organization stages by using the risk measurement and criteria like the level of fluctuation in interest rates, interest shock and stress test calculations. Maturity mismatches concerning the repricing in predetermined buckets and currency mismatches of asset and liabilities are monitored and measured. Parent 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.

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

Liquidity risk management policy

Liquidity risk is the risk of not meeting the balance sheet and off-balance sheet items 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 Parent Bank’s Risk Management actively involved in the measurement, analysis and monitoring process of liquidity risk and regular reporting is provided to the Board of Directors, Audit Committee, top management and other departments related with liquidity risk by the Risk Management.

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

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

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	204	114	137	113
Balances with the Central Bank of Turkey	28.950	189.275	25.328	107.088
Other	-	-	-	-
Total	29.154	189.389	25.465	107.201

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	28.950	2.623	25.328	2.470
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	186.652	-	104.618
Total	28.950	189.275	25.328	107.088

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

As per the Communiqué numbered 2005/1 “Reserve Deposits” of the CBT, banks keep reserve deposits at the CBT for their TL and FC liabilities mentioned in the communiqué. Reserves are calculated and set aside every two weeks on Fridays for 14-day periods. In accordance with the related communiqué, no interest is paid for reserve requirements.

As per the “Communiqué on Amendments to be Made on Communiqué on Required Reserves” of Central Bank of Turkey, nr. 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at Central Bank of Turkey based on rates mentioned below. Reserve rates prevailing at 30 June 2013 are presented in table below:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

2.a.1 Trading securities:

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

As of the reporting date, the Group's trading securities given as collateral or blocked amounted to TL 8.074 (31 December 2012: TL 7.973).

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

As of the reporting date, the Group has securities subject to repurchase agreements amounted to TL 388 (31 December 2012: TL 199).

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

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

As of the reporting date, the Group has no financial assets designated at fair value through profit and loss given as collateral or blocked (31 December 2012: None).

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

As of the reporting date, the Group has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2012: None).

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

Derivative instruments held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.222	376	1.792	1.188
Swap Transactions	2.336	11.293	4.351	15.479
Futures Transactions	-	28	-	-
Options	13	6.044	-	433
Other	-	-	-	-
Total	3.571	17.741	6.143	17.100

3. Information on banks and foreign bank accounts

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	196.872	151.560	377.261	28.899
Foreign	-	16.696	-	33.915
Branches and head office abroad	-	-	-	-
Total	196.872	168.256	377.261	62.814

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

3.b Information on banks and foreign bank accounts:

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

4. Information on financial assets available-for-sale

4.a.1 Financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1.392.340	-	1.021.262	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	275.025	-	293.720
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.392.340	275.025	1.021.262	293.720

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

All financial assets available for sale given as collateral comprise of financial assets are issued by the Turkish Treasury. The carrying value of those assets is TL 306.503 (31 December 2012: TL 463.362).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	306.503	-	463.362	-
Other	-	-	-	-
Total	306.503	-	463.362	-

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

Available for sale financial assets comprise government bonds (65,12%), Eurobonds (11,53%), and shares and other securities (23,35%) (31 December 2012: government bonds (73,81%), Eurobonds (11,89%) and shares and other securities (14,30%)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period	Prior Period
Debt securities	2.699.896	2.846.275
Quoted on a stock exchange	2.318.627	2.396.908
Unquoted	381.269	449.367
Share certificates	66.834	48.510
Quoted on a stock exchange	12.666	16.872
Unquoted	54.168	31.638
Impairment provision(-)	(24.057)	(12.523)
Total	2.742.673	2.882.262

Net book value of unquoted available for sale share certificates is TL 40.040 (31 December 2012: TL 21.755).

5. Information on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	133.039	117.413	107.017	117.413
Corporate shareholders	133.039	117.413	107.017	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	106	-	168	-
Total	133.145	117.413	107.185	117.413

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other Receivables (Total)	Amendments on Conditions of Contract	
		Amendments Related to the Extension of the Payment Plan	Other		Amendments Related to the Extension of the Payment Plan	Other
Non-specialized loans	7.290.847	-	-	99.916	-	-
Corporation loans	1.924.298	-	-	8.908	-	-
Export loans	62.602	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	941.412	-	-	-	-	-
Consumer loans	106	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	4.362.429	-	-	91.008	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	28.860	-	-	-	-	-
Total	7.319.707	-	-	99.916	-	-

The Parent Bank's finance lease receivables are TL 7.176 (31 December 2012: TL 9.432) and TL 995 (31 December 2012: TL 995) of the finance lease receivables are closely monitored.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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

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

5.c Maturity analysis of cash loans:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

	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	85	21	106
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	85	21	106
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	85	21	106

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

The Parent Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (31 December 2012: None).

5.f Loans according to borrowers:

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

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	7.392.740	6.789.024
Foreign Loans	26.883	25.195
Total	7.419.623	6.814.219

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	79.712	83.374
Indirect loans granted to subsidiaries and associates	-	-
Total	79.712	83.374

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	6.462	59
Loans and receivables with doubtful collectability	5.356	5.316
Uncollectible loans and receivables	8.812	10.249
Total	20.630	15.624

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

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)	-	5.356	4.144
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	5.356	4.144
Prior Period			
(Gross amounts before provisions)	-	5.315	4.420
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	5.315	4.420

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period End Balance	59	5.316	10.249
Additions (+)	6.403	40	231
Transfers from Other Categories of Non-performing Loans (+)	-	-	-
Transfers to Other Categories of Non-performing Loans (-)	-	-	-
Collections (-)	-	-	(1.561)
Write-offs (-)	-	-	(107)
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	(107)
Current Period Ending Balance	6.462	5.356	8.812
Specific Provisions (-)	(6.462)	(5.356)	(8.812)
Net Balance on Balance Sheet	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	84	5.314	82
Specific Provision (-)	(84)	(5.314)	(82)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	56	5.314	82
Specific Provision (-)	(56)	(5.314)	(82)
Net Balance on Balance Sheet	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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

	III. Group	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)	6.462	5.356	8.686
Specific Provision Amount (-)	(6.462)	(5.356)	(8.686)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	126
Specific Provision Amount (-)	-	-	(126)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	59	5.316	9.836
Specific Provision Amount (-)	(59)	(5.316)	(9.836)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	413
Specific Provision Amount (-)	-	-	(413)
Other Loans and Receivables (Net)	-	-	-

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

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

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

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

6. Information on held-to-maturity investments

As of the reporting date, the Group has no investment securities held-to-maturity (31 December 2012: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on investments in associates (net):

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

Unconsolidated non-financial associates are valued at cost.

7.a.2 Information on unconsolidated associates:

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

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

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
Terme (1)	11.339	3.517	611	355	-	14	575	-
Ege Tarım (2)	11.776	10.093	9.291	193	-	(1.059)	152	-

- (1) Represents audited 31 December 2012 financial statements. Prior year profit/loss is obtained from un-audited 31 December 2011 financial statements.
- (2) Represents reviewed 31 December 2012 financial statements. Prior year profit/loss is obtained from un-audited 31 December 2011 financial statements.

Information on associates disposed in the current period

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

Information on associates purchased in the current period

The Parent Bank has obtained bonus shares amounting to TL 10.100 with share capital increase of İş Finansal Kiralama A.Ş. amounting to TL 35.365, TL 1.449 with share capital increase of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. amounting to TL 8.694, and TL 5.220 with share capital increase of İş Faktoring A.Ş. amounting to TL 24.000. In the meeting of the General Assembly of Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. held on 22 November 2012; it has been resolved that, paid-in capital of the Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. will be increased in cash from 11.152 to TL 13.552 and the Parent Bank has made a capital commitment with the shares of 10 % amounting to TL 240 and has paid the amounting to TL 120 on 31 December 2012, the other half of commitment amounting to TL 120 was paid on 29 June 2013.

7.a.3 Information on the consolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	57,36
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	57,67

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
İş Faktoring (1)	859.676	66.252	630	28.039	6	6.945	(95)	-
İş Finansal (2)	2.732.324	589.741	2.719	84.565	55	23.681	20.554	115.139
İş Girişim (3)	377.734	243.342	40.629	-	-	523	12.873	30.815

- (1) Represents reviewed 30 June 2013 financial statements. Prior year profit/loss is obtained from reviewed 30 June 2012 financial statements.
(2) Represents reviewed 30 June 2013 consolidated financial statements. Prior year profit/loss is obtained from reviewed 30 June 2012 consolidated financial statements. Fair value is presented as of 30 June 2013.
(3) Represents reviewed 31 March 2013 consolidated financial statements. Prior year profit/loss is obtained from reviewed 31 March 2012 consolidated financial statements. Fair value is presented as of 30 June 2013.

	Current Period	Prior Period
Balance at the Beginning of the Period	210.046	190.472
Movements During the Period	9.798	19.574
Purchases	-	-
Bonus Shares Received	-	-
Current Year Share of Profit	13.188	20.271
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(3.390)	(697)
Balance at the End of the Period	219.844	210.046
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

Information on associates disposed in the current period

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

Information on associates purchased in the current period

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

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	29.229	26.348
Leasing Companies	159.818	149.441
Financial Service Companies	-	-
Other Associates	30.797	34.257

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

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	190.615	183.698
Associates Quoted on Foreign Stock Markets	-	-

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information related to subsidiaries (net)

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

	YFMEN.DEĞ (*)	TSKB GYO (*)
	Current Period	Current Period
CORE CAPITAL		
Paid-in Capital	61.000	150.000
Inflation Adjustment to Share Capital	775	-
Share Premium		593
Legal Reserves	4.598	5.721
Current and Prior Years' Profit / Loss	4.520	75.672
Leasehold Improvements (-)	(1.280)	-
Intangible Assets (-)	(341)	(1)
Total Core Capital	69.272	231.985
SUPPLEMENTARY CAPITAL	744	-
CAPITAL	70.016	231.985
NET AVAILABLE CAPITAL	70.016	231.985

(*) The information is obtained from financial statements subject to consolidation as of 30 June 2013.

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

There is no internal capital adequacy assessment approach for the subsidiaries.

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

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

8.a.3 Information related to unconsolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Türkiye	99,99	99,99
2	TSKB Gayrimenkul Danışmanlık A.Ş.(TGD A.Ş.)	Istanbul /Türkiye	46,58	100,00
3	Sürdürülebilir Danışmanlık A.Ş.	Istanbul /Türkiye	-	96,00

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

8.a.3 Information related to unconsolidated subsidiaries (continued):

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
TSKB GMD (1)	9.371	7.672	1.309	-	-	1.454	1.697	-
TGD A.Ş. (2)	540	551	-	10	-	(23)	(3)	-
SD A.Ş. (3)	284	237	18	16	-	(65)	35	-

- (1) Represents un-reviewed 30 June 2013 financial statements. Prior year profit/loss is obtained from un-reviewed 30 June 2012 financial statements.
- (2) Represents un-reviewed 30 June 2013 financial statements. Prior year profit/loss is obtained from un-reviewed 30 June 2012 financial statements.
- (3) Represents un-reviewed 30 June 2013 financial statements. Prior year profit/loss is obtained from un-reviewed 30 June 2012 financial statements.

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

8.a.4 Information related to consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş.(YFMEN.DEĞ.)	Istanbul /Turkey	95,78	98,51
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	66,84

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
YF MEN.DEĞ. (1)	424.444	72.839	2.443	13.665	223	3.692	1.560	-
TSKB GYO (2)	363.640	230.294	333.901	642	-	(4.850)	9.283	78.765

- (1) Represents reviewed 30 June 2013 financial statements. Prior year profit/loss is obtained from reviewed 30 June 2012 financial statements.
- (2) Represents reviewed 30 June 2013 financial statements. Prior year profit/loss is obtained from reviewed 30 June 2012 financial statements. Fair value is presented as of 30 June 2013.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

8.a.4 Information related to consolidated subsidiaries (continued):

	Current Period	Prior Period
Balance at the Beginning of the Period	196.070	195.434
Movements During the Period	-	636
Purchases	-	-
Bonus Shares Obtained	-	7.184
Current Year Shares of Profit	-	-
Sales (*)	-	(6.548)
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance At the End of the Period	196.070	196.070
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) As of 31 December 2012, TSKB Yatırım Ortaklığı A.Ş. is excluded from subsidiaries due to merger with İş Yatırım Ortaklığı A.Ş.. Cost of TSKB Yatırım Ortaklığı A.Ş. is presented in "Sales" line.

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

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Subsidiaries	196.070	196.070

8.a.6 Subsidiaries quoted on stock exchange:

As of 30 June 2013, the fair value of the Group's subsidiaries quoted on the stock exchange is TL 87.454 (31 December 2012: TL 75.663).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

9. Information related to entities under common control

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

	Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Year Profit /Loss	Prior Year Profit /Loss	Fair Value
Adana Hotel Project	17.026	(117)	14.578	-	-	(46)	27	-

1) Represents un-reviewed 30 June 2013 financial statements. Prior year profit/loss is obtained from un-reviewed 30 June 2012 financial statements.

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	6.113	5.974	6.073	5.829
Between 1- 4 years	1.222	1.202	3.685	3.603
More than 4 years	-	-	-	-
Total	7.335	7.176	9.758	9.432

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

	Current Period	Prior Period
Gross investments in finance leases	7.335	9.758
Unearned revenue from finance leases (-)	(159)	(326)
Cancelled finance leases (-)	-	-
Net investments in finance leases	7.176	9.432

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

Finance lease agreements are made in accordance with the related articles of the Financial Leasing Law No. 3226. There are no restructuring or restrictions having material effect on financial statements.

11. Information on derivative financial assets for hedging purposes

The Group has no derivative financial assets for hedging purposes as of the reporting date (31 December 2012: None).

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

12. Information on tangible assets (net)

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

13. Information on intangible assets

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

14. Information on investment properties

In the current period, the Parent Bank has three investment properties with a net book value of TL 246.140 (31 December 2012: TL 240.370) belonging to the Parent Bank's subsidiary operating in the real-estate investment trust sector.

Investment properties movement tables as of 30 June 2013 and 31 December 2012 are as below:

Current Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	10.100	-	-	-	10.100
Pendorya AVM	211.620	32	-	-	211.652
Adana Arsa Projesi	18.650	6.124	(386)	-	24.388
Total	240.370	6.156	(386)	-	246.140

Prior Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	7.360	-		2.740	10.100
Pendorya AVM	203.845	6.433	(107)	1.449	211.620
Adana Arsa Projesi	15.600	4.697	(686)	(961)	18.650
Total	226.805	11.130	(793)	3.228	240.370

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the consolidated 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 Group has computed deferred tax asset or liability on “temporary differences” arising from carrying values of assets and liabilities in the accompanying financial statements and their tax bases.

Deferred tax asset:	Current period	Prior period
Loan commissions accrual adjustment	11.298	11.496
Other provisions	9.525	10.775
Marketable securities	96	119
Employee benefit provision	1.994	1.778
Derivative instrument accruals	76	-
Useful life difference of fixed assets	11	-
Other	377	617
Total Deferred Tax Asset	23.377	24.785
Deferred tax liabilities:		
Marketable securities	(7.639)	(14.703)
Borrowings commissions accrual adjustment	(2.268)	(2.395)
Derivative instrument accruals	(1.154)	(2.004)
Useful life difference of fixed assets	(18)	(40)
Total Deferred Tax Liability	(11.079)	(19.142)
Net Deferred Tax Asset	12.298	5.643

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

There is no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods (31 December 2012: None).

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

There is no allowance for deferred tax and deferred tax assets from reversal of allowance (31 December 2012: None).

16. Information on assets held for sale:

In the current period, the Parent Bank has no assets held for sale (31 December 2012: None).

17. Information about other assets

17.a Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) 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 2012: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the consolidated liabilities

1. Information on maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

Derivative Financial Liabilities Held For Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.160	579	1.565	1.164
Swap Transactions	559	12.082	-	17.901
Futures Transactions	-	-	-	-
Options	13	7.947	-	367
Other	-	-	-	-
Total	1.732	20.608	1.565	19.432

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

3. Information on banks and other financial institutions

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	53.174	176.825	142.819	90.711
From Foreign Banks, Institutions and Funds	-	7.441.646	-	6.796.075
Total	53.174	7.618.471	142.819	6.886.786

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	53.174	384.331	142.819	270.665
Medium and long-term	-	7.234.140	-	6.616.121
Total	53.174	7.618.471	142.819	6.886.786

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

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

4. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) 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 2012: None).

5. Explanations on financial lease obligations (net)

5.a The general explanations on criteria used in determining instalments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank:

The Parent Bank entered into financial lease transactions with the Parent Bank's associate İş Finansal Kiralama A.Ş. The lease agreements are paid in equal instalments. There are no issues in these agreements which would cause significant liabilities to the Parent Bank.

5.b Explanations on modifications of agreements and new obligations bring forth:

There are no modifications in financial leasing contracts.

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

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

5.c Explanations on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	8	6
Between 1- 4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	-	-	8	6

5.d Explanations regarding operational leases:

As of the reporting date, 1 head office of a Group Company and 14 branches are subject to operational leasing. Additionally, 30 cars are within the context of operational leasing. The Group has no liability for operational leases as of the reporting date (31 December 2012: 1 head office, 14 branches and 30 cars are subject to operational leasing).

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

The Group has no sale and lease back transactions as of the reporting date (31 December 2012: None).

6. Information on derivative financial liabilities for hedging purposes

The Group has no derivative financial liabilities for hedging purposes as of reporting date (31 December 2012: None).

7. Information on provisions

7.a Information on general loan loss provisions:

	Current Period	Prior Period
General Provisions	85.494	77.247
Provisions for First Group Loans and Receivables	72.908	67.544
- Additional provisions for the loans with extended payment plan	-	-
Provisions for Second Group Loans and Receivables	2.013	599
- Additional provisions for the loans with extended payment plan	-	-
Provisions for Non-Cash Loans	2.409	2.417
Other	8.164	6.687

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on provisions (continued)

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

As of reporting date, the Group's foreign exchange losses on the foreign currency indexed loans amount to TL 236 (31 December 2012: TL 8.426). The foreign exchange losses on the foreign currency indexed loans are netted off from the loans in the financial statements.

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

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

7.d Information related to other provisions:

7.d.1 Provisions for possible losses:

There is no provision for possible losses (31 December 2012: None).

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

	Current Period	Prior Period
Continuing Lawsuit Provisions	125	125
Other Provision (*)	47.559	53.815
Total	47.684	53.940

(*) Other provision account includes TL 47.500 of provision for risks on credit portfolio (31 December 2012: TL 50.000).

8. Information on taxes payable

8.a Information on taxes payable:

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate Taxes Payable	4.842	-	29.690	-
Deferred Tax Liability	-	-	-	-
Total	4.842	-	29.690	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	4.842	29.690
Taxation of Securities	934	1.079
Property Tax	-	-
Banking and Insurance Transaction Tax (BITT)	1.391	1.224
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	76	84
Other	993	873
Total	8.236	32.950

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on taxes payable (continued)

8.a Information on taxes payable (continued):

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	104	86
Social Security Premiums-Employer	110	91
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	25	22
Unemployment Insurance-Employer	50	45
Other	31	13
Total	320	257

8.b Information on deferred taxes liabilities:

As of the reporting date, the Group has no deferred tax liability (31 December 2012: None).

9. Information on liabilities regarding assets held for sale

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

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

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

11. Information on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common Stock	1.300.000	1.100.000
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	1.300.000	2.500.000

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

11. Information on shareholders' equity (continued)

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

In the meeting of the General Assembly held on 26 March 2013, it has been resolved that, paid-in capital of the Parent Bank will be increased from TL 1.100.000 to TL 1.300.000 by TL 200.000. In respect of the resolution of the General Assembly, TL 168.000 of this increase will be incorporated from the profit of the year 2012, TL 32.000 of this increase will be incorporated from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 3 May 2013, and has been published in the Turkish Trade Registry Gazette No: 8351 on 27 June 2013.

In the prior period, in the meeting of the General Assembly held on 26 March 2012; it has been resolved that, paid-in capital of the Parent Bank will be increased from TL 800.000 to TL 1.100.000 by TL 300.000. In respect of the resolution of the General Assembly, TL 137.000 of this increase will be incorporated from the profit of the year 2010. The increase in paid-in capital was approved by the BRSA on 10 May 2012, has registered on 6 June 2012 and has been published in the Turkish Trade Registry Gazette No: 8088 on 12 June 2012.

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

In the current period there is no share capital increases from capital reserves (31 December 2012: None).

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

The Parent Bank has no capital commitments in the last fiscal year and at the end of the following interim period (31 December 2012: None).

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

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

11.g Information on preferred shares:

The Parent Bank has no preferred shares (31 December 2012: 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	(940)	-	2.450	-
Valuation Differences	(212)	33.670	61.919	69.385
Foreign Exchange Difference	-	-	-	-
Total	(1.152)	33.670	64.369	69.385

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

12. Information on minority shares:

	Current Period	Prior Period
Paid-in-Capital	54.310	54.310
Other Capital Reserves	33	33
Share Premium	205	205
Securities Value Increase Fund	5	15
Legal Reserves	109	109
Extraordinary Reserves	2.061	2.061
Other Profit Reserves	-	-
Retained Earnings / Accumulated Losses	27.540	19.399
Net Profit or Loss	(1.171)	8.141
Total	83.092	84.273

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

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

Group has commitments for forward asset purchase and sales commitments amounting to TL 32.454 (31 December 2012: TL 10.175), commitment for use guaranteed credit allocation amounting to TL 4.295 (31 December 2012: TL 4.007); commitments for stock brokerage purchase and sales amounting to TL 397.259 (31 December 2012: TL 135.666), commitments for letter of credit amounting to TL 341.744 (31 December 2012: TL 338.675).

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

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

As of the reporting date, total letter of credits is TL 443.797 (31 December 2012: TL 572.564).

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

As of the reporting date, total letters of guarantee is TL 760.584 (31 December 2012: TL 635.768).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	-	-
With Maturity of One Year or Less than One Year	-	-
With Maturity of More than One Year	-	-
Other Non-Cash Loans	1.204.381	1.212.557
Total	1.204.381	1.212.557

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

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

2. Information related to derivative financial instruments

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

3. Explanations on loan derivatives and risk exposures

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

4. Explanations on contingent liabilities and assets

There are 25 legal cases against the Group which are amounting to TL 1.200 as of the reporting date (31 December 2012: TL 964, 29 legal cases).

An inspection, including the period between 2008-2011 years, has been made by the inspectors of the Inspection Board relating to payments by the Parent Bank and employees to “Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı” (The Foundation) which was founded according to Turkish Commercial Law and Civil Law, as all complementary social security foundations. As a result, an inspection report was issued stating that the Parent Bank is liable, in accordance with the regulation on foundations, has been regarding the benefits of the members of the foundations and the amounts that the existing employees are liable could not be deducted from tax base and therefore imposing penal income withholding tax / stamp duty. Accordingly, tax / stamp duty and tax penalty totally amounting to TL 17.325 have been notified to the Parent Bank. The Parent Bank assesses that the Parent Bank’s practice is in compliance with the legislation and there is no legal basis for the tax administration’s suspended assessments, therefore, there is no need for provision. The Parent Bank has used the legal rights for that assessment. No provision has been provided as of the reporting date.

There is a lawsuit for the cancellation of the licence of construction dated 16 July 2008 numbered 1120 given for the Pendorya Mall of TSKB GYO registered in Pendik, Doğu District, plot 105, map 865, parcel 64 and related zoning plan dated 6 November 2007 scaled 1/1000 and for motion for stay of execution against Pendik Mayoralty. TSKB GYO is also involved in the instant case and Istanbul 9th Administrative Court ordered the cancellation of the licence and zoning plan with a right of appeal. As a result of the appeal, the Council of State also approved the resolution of the Court on 1 December 2011.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

4. Explanations on contingent liabilities and assets (continued)

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

Development functions and construction conditions of the real estates (land use decisions) are permitted by the Zoning Plan. New 1/5000 scaled, 25 December 2010 dated Zoning Plan for the area where Pendorya Shopping Mall is located, has become effective. According to the New 1/5000 scaled Zoning Plan, the related real estate’s functions has been preserved. In accordance with the new zoning plan, 1/1000 scaled zoning plan has been prepared by Pendik Municipality and approved by the Pendik Municipality Council at 7 October 2011. Subsequent to the approval of 1/1000 scaled zoning plan by Istanbul Metropolitan Municipality, the Pendorya Mall’s both construction licence and occupancy permit renewal application will be made.

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

Ataman Turizm ve Ticaret Ltd. Şti, 1/20 owner of Pendorya Mall registered in Istanbul, Pendik town, Doğu District, plot 105, map 865, parcel 64, filed a lawsuit numbered 2012/327 E. at Pendik (Istanbul) 1. Magistrate’s Court against the Company, 19/20 owner of Pendorya Mall for the end of partnership relations in Pendorya Mall with the Company, plaintiff filed the lawsuit with the complaint for the end of partnership relations by declaring and claiming that, the own shares in Pendorya Mall cannot be shared by mutual agreement, so if it is not possible, the shares should be sold and converted into cash by public auction. At 9 October 2012, Ataman Turizm ve Ticaret Ltd. Şti. withdrew the appeal filed for the end of the partnership relations on related real estate.

5. Custodian and intermediary services:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the consolidated income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans (*)				
Short Term Loans	5.731	5.427	6.050	4.682
Medium and Long Term Loans	38.273	134.690	37.821	111.855
Interest on Non-performing Loans	515	-	219	329
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	44.519	140.117	44.090	116.866

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

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic Banks	12.294	5	8.443	220
Foreign Banks	-	-	1	-
Branches and Head Office Abroad	-	-	-	-
Total	12.294	5	8.444	220

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	367	7	3.084	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	94.027	11.895	104.945	14.534
Investments Held to Maturity	-	-	7.693	-
Total	94.394	11.902	115.722	14.534

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1.242	1.405

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Information on interest expense

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3.871	2.874	481	3.052
The Central Bank of Turkey	-	-	-	-
Domestic Banks	3.789	390	461	303
Foreign Banks	82	2.484	20	2.749
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	36.124	-	43.560
Total (*)	3.871	38.998	481	46.612

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

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

The Group has no interest expense to its associates and subsidiaries (30 June 2012: None).

2.c Information on interest expense to securities issued:

The Group has no interest expense to securities issued (30 June 2012: None).

3. Information on dividend income

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

4. Information on net trading income (net)

	Current period	Prior period
Profit	205.312	283.389
Gains on capital market operations	6.577	5.162
On derivative financial instruments (*)	49.594	106.726
Foreign exchange gains	149.141	171.501
Losses (-)	(209.560)	(255.471)
Losses on capital market operations	(1.316)	(1.637)
On derivative financial instruments (*)	(50.537)	(72.038)
Foreign exchange losses	(157.707)	(181.796)

(*) Foreign exchange gain from derivative transactions amounting to TL 40.451 is presented in "Profit on derivative financial instruments" (30 June 2012: TL 75.954), foreign exchange loss from derivative transactions amounting to TL (38.174) is presented in "Losses on derivative financial instruments" (30 June 2012: TL (40.913)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	10.311	12.104
Gains on Sale of Assets	789	483
From Associate and Subsidiary Sales	756	-
From Immovable Fixed Asset Sales	33	456
From Property Sales	-	27
From Other Asset Sales	-	-
Other	5.247	7.817
Total	16.347	20.404

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	6.674	416
III. Group	6.403	59
IV. Group	40	-
V. Group	231	357
General provision expenses	8.247	13.532
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	2.259	912
Trading securities	117	404
Investment securities available for sale	2.142	508
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investment securities held to maturity	-	-
Other	2.500	-
Total	19.680	14.860

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information Related to Other Operating Expenses

	Current Period	Prior Period
Personnel expenses	33.375	29.516
Reserve for employee termination benefits	480	456
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1.256	1.221
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	194	176
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	9	10
Depreciation expenses of assets held for resale	4	5
Impairment expenses of assets held for sale	-	-
Other operating expenses	12.067	11.490
Rent expenses	1.049	1.523
Maintenance expenses	566	809
Advertisement expenses	845	816
Other expenses	9.607	8.342
Loss on sales of assets	20	-
Other	5.856	6.918
Total	53.261	49.792

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

As of 30 June 2013, profit before tax of the Group has decreased by 2,31% as compared to the prior period (30 June 2012: 44,54% increased). In comparison with the prior year, the Group's net interest income has increased by 12,00% (30 June 2012: 22,38% increase).

9. Information on tax provision for continued and discontinued operations

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

The Group's current tax charge for the period is TL 20.532 (30 June 2012: TL 42.172). Deferred tax charge is TL 17.365 (30 June 2012: TL 981 tax benefit).

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

Deferred tax charge calculated on temporary differences is TL 17.365 (30 June 2012: TL 981 tax benefit).

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

As of 30 June 2013, deferred tax charge calculated based on temporary timing differences is TL 17.365 (30 June 2012: TL 981 tax benefit). There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exceptions (30 June 2012: None).

In addition, TL 8.244 deferred tax, 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 2012: TL 32.264).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

For the period ended 30 June 2013, profit before tax of the Group has decreased by 0,97% compared to the prior year (30 June 2012: 46,83% increase).

11. Information on net profit/loss

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

The Group has generated TL 307.007 interest income, TL 77.168 interest expenses, TL 15.639 net fee and commission income from banking operations (30 June 2012: TL 306.673 interest income, TL 101.455 interest expenses, TL 12.773 net fee and commission income).

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

There are no changes in the accounting estimates.

11.c Minority share of profit and loss:

The current period loss attributable to minority shares is TL (1.171) (30 June 2012: TL 5.354 profit). The total shareholders' equity, including current period profit / loss attributable to minority shares is TL 83.092 (30 June 2012: TL 84.273).

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

	Current Period	Prior Period
Gains on Other Fees and Commissions		
Gains on Brokerage Commissions	9.304	7.383
Commissions from Initial Public Offering	175	315
Investment Fund Management Income	1.221	1.053
Other	2.778	1.469
Total	13.478	10.220

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

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

VI. Explanations related to consolidated statement of cash flows

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations on the risk group of the Parent Bank

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

1.a Current period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	83.374	412	107.017	117.413	44.671	4.225
Balance at the end of the period	79.712	455	120.615	117.413	52.242	-
Interest and commission income received	1.239	3	1.265	147	1.230	-

1.b Prior period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	85.465	490	57.506	117.413	41.643	-
Balance at the end of the period	83.374	412	107.017	117.413	44.671	4.225
Interest and commission income received (*)	1.402	3	879	147	914	-

(*) This information is related to 30 June 2012.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank has not any derivative transactions with the Parent Bank's risk group.

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

Benefits provided to key management personnel in the current period amount to TL 6.652 (30 June 2012: TL 6.691).

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

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

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SECTION SIX

OTHER EXPLANATIONS

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

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

FITCH RATINGS

Long-term Maturity Foreign Currency (Issuer)	BBB-
Long-term Maturity Foreign Currency (Issuer) Outlook	Stable
Short-term Maturity Foreign Currency (Issuer)	F3
Long-term Maturity National Currency (Issuer)	BBB-
Long-term Maturity National Currency (Issuer) Outlook	Stable
Short-term Maturity National Currency (Issuer)	F3
Support Note	2
National Note	AAA
National Note Outlook	Stable

Information above is received from Fitch Ratings report dated 14 December 2012.

MOODY'S

Financial Rating Note	D+
Outlook	Stable
<i>Foreign Currency (Issuer)</i>	
Long-term Maturity	Baa3
Outlook	Stable
Short-term Maturity	P-3
<i>Domestic Currency (Issuer)</i>	
Long-term Maturity	Baa3
Outlook	Stable
Short-term Maturity	P-3

Information above represents updated information as of 3 July 2012.

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

None.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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SECTION SEVEN

INDEPENDENT AUDITORS’ REVIEW REPORT

I. Explanations on the independent auditors’ review report

Consolidated financial statements and the notes to the consolidated financial statements as at 30 June 2013 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (“the Turkish member firm of KPMG International, a Swiss entity”). The independent auditors’ review report dated 31 July 2013 is presented at the beginning of the consolidated financial statements and related notes.

II. Explanations and notes prepared by independent auditors

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