



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Nine-Month Period Ended 30 September 2013
*(Convenience Translation of Unconsolidated
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

30 October 2013

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



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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 unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası Anonim Şirketi ("the Bank") as of 30 September 2013 and the related unconsolidated income statement, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the nine-month interim period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these 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 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 unconsolidated financial statements do not present fairly the financial position of the Bank as of 30 September 2013 and the results of its operations and its cash flows for the nine-month interim period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411 and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
30 October 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 unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.








**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

The unconsolidated financial report for the nine 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures for the nine 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.

30 October 2013

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

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

Current Period	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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 Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 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 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 Öğün	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, Budget Planning and Investor Relations	27 January 2006	Undergraduate	28
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 Operation	10 January 2012	Undergraduate	23

(1)The shares of above directors in the 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 Bank, ended on the General Meeting held on 26 March 2013.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 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 Bank

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

Current Period	Share	Shareholding	Paid in	Unpaid
<u>Name Surname/Commercial Title</u>	<u>Capital</u>	<u>Rate (%)</u>	<u>Capital</u>	<u>Capital</u>
T. İş Bankası A.Ş. Group	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
<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	1.100.000	-

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

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") is the first private investment and development bank which was established by the Council of Ministers resolution number of 3/11203 established in 1950 with the support of World Bank, T.R. Government, T.R. Central Bank and commercial banks. As per the articles of association published in the Official Gazette on 2 June 1950, the aim of 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 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 Bank has opened two branches in Izmir and Ankara in April 2006 to enhance marketing and valuation operations.

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

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

Financial institutions included in the consolidation are determined in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated 8 November 2006 numbered 26340. The Bank has no 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.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

TSKB Disclosure Policy was 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 Bank accessible from the TSKB corporate website.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2013

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

			Reviewed Current Period 30 September 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)	1.085	239.719	240.804	25.412	107.201	132.613
II.	FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	4.432	25.794	30.226	6.997	17.100	24.097
2.1	Trading financial assets		4.432	25.794	30.226	6.997	17.100	24.097
2.1.1	Public sector debt securities		-	-	-	194	-	194
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		4.267	25.794	30.061	6.143	17.100	23.243
2.1.4	Other marketable securities		165	-	165	660	-	660
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)	513	15.086	15.599	2.545	35.026	37.571
IV.	MONEY MARKET PLACEMENTS		280.412	-	280.412	-	-	-
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		280.412	-	280.412	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.526.372	377.590	2.903.962	2.405.854	474.649	2.880.503
5.1	Share certificates		42.652	2.957	45.609	33.811	2.957	36.768
5.2	Public sector debt securities		1.945.465	324.550	2.270.015	2.127.232	342.798	2.470.030
5.3	Other marketable securities		538.255	50.083	588.338	244.811	128.894	373.705
VI.	LOANS AND RECEIVABLES	(5)	2.071.516	6.291.585	8.363.101	1.768.357	5.117.237	6.885.594
6.1	Loans		2.071.516	6.291.585	8.363.101	1.768.357	5.117.237	6.885.594
6.1.1	Loans to risk group of the Bank		232.215	173.907	406.122	207.789	129.431	337.220
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		1.839.301	6.117.678	7.956.979	1.560.568	4.987.806	6.548.374
6.2	Non performing loans		13.943	5.446	19.389	8.357	5.418	13.775
6.3	Specific provisions (-)		(13.943)	(5.446)	(19.389)	(8.357)	(5.418)	(13.775)
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)	151.934	-	151.934	141.127	-	141.127
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		151.934	-	151.934	141.127	-	141.127
9.2.1	Financial investments		150.288	-	150.288	139.601	-	139.601
9.2.2	Non-financial investments		1.646	-	1.646	1.526	-	1.526
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	148.858	-	148.858	136.468	-	136.468
10.1	Unconsolidated financial subsidiaries		148.246	-	148.246	135.856	-	135.856
10.2	Unconsolidated non-financial subsidiaries		612	-	612	612	-	612
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(10)	-	4.808	4.808	-	9.432	9.432
12.1	Finance lease receivables		-	4.908	4.908	-	9.758	9.758
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	(100)	(100)	-	(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)	7.350	-	7.350	8.212	-	8.212
XV.	INTANGIBLE ASSETS (Net)	(13)	626	-	626	618	-	618
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		626	-	626	618	-	618
XVI.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	12.771	-	12.771	4.844	-	4.844
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset		12.771	-	12.771	4.844	-	4.844
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)	16.528	30.013	46.541	12.424	16.095	28.519
TOTAL ASSETS			5.222.397	6.984.595	12.206.992	4.512.858	5.776.740	10.289.598

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2013

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

			Reviewed Current Period 30 September 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)	5.191	29.575	34.766	1.565	19.264	20.829
III.	FUNDS BORROWED	(3)	25.500	8.224.179	8.249.679	22.000	6.862.664	6.884.664
IV.	MONEY MARKET BALANCES	(3)	1.501.283	238.063	1.739.346	1.017.327	237.310	1.254.637
4.1	Interbank money market takings		-	-	-	-	19.458	19.458
4.2	Istanbul Stock Exchange money market takings		927	-	927	-	-	-
4.3	Funds provided under repurchase agreements		1.500.356	238.063	1.738.419	1.017.327	217.852	1.235.179
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		884	2.545	3.429	1.909	7.836	9.745
6.1	Borrower funds		884	2.545	3.429	1.909	7.836	9.745
6.2	Others		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		61.361	10.981	72.342	66.380	32.298	98.678
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)	160.215	-	160.215	144.494	-	144.494
12.1	General loan loss provisions		105.091	-	105.091	83.714	-	83.714
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		7.464	-	7.464	6.904	-	6.904
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		47.660	-	47.660	53.876	-	53.876
XIII.	TAX LIABILITY	(8)	19.594	-	19.594	32.085	-	32.085
13.1	Current tax liability		19.594	-	19.594	32.085	-	32.085
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	102.112	102.112	-	89.125	89.125
XVI.	SHAREHOLDERS' EQUITY		1.799.848	25.661	1.825.509	1.685.950	69.385	1.755.335
16.1	Paid-in capital	(11)	1.300.000	-	1.300.000	1.100.000	-	1.100.000
16.2	Capital reserves		1.863	25.661	27.524	91.465	69.385	160.850
16.2.1	Share premium		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund	(11)	(7.431)	25.661	18.230	55.934	69.385	125.319
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 funds (Effective portion)		-	-	-	-	-	-
16.2.9	Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		374	-	374	374	-	374
16.3	Profit reserves		253.426	-	253.426	187.221	-	187.221
16.3.1	Legal reserves		156.268	-	156.268	122.876	-	122.876
16.3.2	Statutory reserves		75.641	-	75.641	60.277	-	60.277
16.3.3	Extraordinary reserves		18.597	-	18.597	1.148	-	1.148
16.3.4	Other profit reserves		2.920	-	2.920	2.920	-	2.920
16.4	Profit or loss		244.559	-	244.559	307.264	-	307.264
16.4.1	Prior years' income/losses		-	-	-	-	-	-
16.4.2	Current year income/loss		244.559	-	244.559	307.264	-	307.264
TOTAL LIABILITIES AND EQUITY			3.573.876	8.633.116	12.206.992	2.971.716	7.317.882	10.289.598

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF
OFF-BALANCE SHEET ITEMS AT 30 SEPTEMBER 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Reviewed Current Period 30 September 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)		1.563.065	6.337.857	7.900.922	1.217.771	5.325.467	6.543.238
I. GUARANTEES AND COLLATERALS	(1)	510.106	919.590	1.429.696	290.755	921.802	1.212.557
1.1 Letters of guarantee		510.106	493.013	1.003.119	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		510.106	493.013	1.003.119	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		-	426.577	426.577	-	572.564	572.564
1.3.1 Documentary letters of credit		-	426.577	426.577	-	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)	326.897	1.645.948	1.972.845	757.446	1.643.773	2.401.219
2.1 Irrevocable commitments		85.034	71.726	156.760	15.346	22.102	37.448
2.1.1 Forward asset purchase and sales commitments		65.099	55.040	120.139	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		-	4.556	4.556	-	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		19.935	12.130	32.065	12.456	10.690	23.146
2.2 Revocable commitments		241.863	1.574.222	1.816.085	742.100	1.621.671	2.363.771
2.2.1 Revocable loan granting commitments		241.863	1.574.222	1.816.085	742.100	1.621.671	2.363.771
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	726.062	3.772.319	4.498.381	169.570	2.759.892	2.929.462
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		726.062	3.772.319	4.498.381	169.570	2.759.892	2.929.462
3.2.1 Forward foreign currency buy/sell transactions		71.608	106.979	178.587	110.621	364.896	475.517
3.2.1.1 Forward foreign currency transactions-buy		26.095	63.476	89.571	55.432	182.456	237.888
3.2.1.2 Forward foreign currency transactions-sell		45.513	43.503	89.016	55.189	182.440	237.629
3.2.2 Swap transactions related to f.c. and interest rates		172.273	3.119.430	3.291.703	27.481	2.275.575	2.303.056
3.2.2.1 Foreign currency swaps-buy		50.496	477.948	528.444	13.411	318.374	331.785
3.2.2.2 Foreign currency swaps-sell		71.377	457.574	528.951	14.070	311.327	325.397
3.2.2.3 Interest rate swaps-buy		25.200	1.091.954	1.117.154	-	822.937	822.937
3.2.2.4 Interest rate swaps-sell		25.200	1.091.954	1.117.154	-	822.937	822.937
3.2.3 Foreign currency, interest rate and securities options		382.181	445.108	827.289	31.468	119.421	150.889
3.2.3.1 Foreign currency options-buy		220.041	182.211	402.252	15.734	43.896	59.630
3.2.3.2 Foreign currency options-sell		162.140	244.605	406.745	15.734	44.325	60.059
3.2.3.3 Interest rate options-buy		-	9.146	9.146	-	15.600	15.600
3.2.3.4 Interest rate options-sell		-	9.146	9.146	-	15.600	15.600
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		100.000	100.802	200.802	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		23.144.600	90.922.553	114.067.153	5.394.070	70.536.520	75.930.590
IV. ITEMS HELD IN CUSTODY		1.785.135	261.581	2.046.716	1.260.870	264.060	1.524.930
4.1 Customers' securities held		5.000	-	5.000	8.619	-	8.619
4.2 Investment securities held in custody		225.597	261.581	487.178	270.138	264.060	534.198
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		3.648	-	3.648	3.335	-	3.335
4.8 Custodians		1.550.890	-	1.550.890	978.778	-	978.778
V. PLEDGED ITEMS		10.968.567	56.548.887	67.517.454	3.179.702	46.066.494	49.246.196
5.1 Marketable securities		392.936	2.435.509	2.828.445	2.935	1.208.830	1.211.765
5.2 Guarantee notes		86.507	1.529.018	1.615.525	52.622	1.299.865	1.352.487
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		416.410	19.298.841	19.715.251	90.594	16.297.684	16.388.278
5.6 Other pledged items		10.072.714	33.285.519	43.358.233	3.033.551	27.260.115	30.293.666
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10.390.898	34.112.085	44.502.983	953.498	24.205.966	25.159.464
TOTAL OFF BALANCE SHEET ITEMS (A+B)		24.707.665	97.260.410	121.968.075	6.611.841	75.861.987	82.473.828

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Reviewed Current Period 1 January 2013 – 30 September 2013	Reviewed Prior Period 1 January 2012 – 30 September 2012	Reviewed Current Period 1 July 2013 – 30 September 2013	Reviewed Prior Period 1 July 2012 – 30 September 2012
I. INTEREST INCOME	(1)	458.278	438.129	162.588	141.114
1.1 Interest on loans		284.522	249.409	98.768	87.351
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		189	274	55	11
1.4 Interest received from money market placements		10.762	5.908	7.270	236
1.5 Interest received from marketable securities portfolio		162.428	181.506	56.355	53.302
1.5.1 Financial assets held for trading		300	1.224	149	192
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		162.128	172.589	56.206	53.110
1.5.4 Investments held-to-maturity		-	7.693	-	-
1.6 Finance lease income		253	945	79	182
1.7 Other interest income		124	87	61	32
II. INTEREST EXPENSES	(2)	(106.532)	(122.583)	(39.203)	(38.893)
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(60.405)	(68.549)	(21.150)	(21.885)
2.3 Interest on money market borrowings		(46.100)	(53.938)	(18.045)	(16.983)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(27)	(96)	(8)	(25)
III. NET INTEREST INCOME (I - II)		351.746	315.546	123.385	102.221
IV. NET FEES AND COMMISSIONS INCOME		7.318	9.960	3.331	4.321
4.1 Fees and commissions received		8.112	10.799	3.609	4.704
4.1.1 Non-cash loans		5.251	8.219	1.717	4.027
4.1.2 Other		2.861	2.580	1.892	677
4.2 Fees and commissions paid		(794)	(839)	(278)	(383)
4.2.1 Non-cash loans		(2)	(2)	-	(1)
4.2.2 Other		(792)	(837)	(278)	(382)
V. DIVIDEND INCOME	(3)	28.093	27.696	-	384
VI. NET TRADING INCOME	(4)	(6.439)	1.786	(6.669)	(1.553)
6.1 Securities trading gains/ (losses)		4.448	(1.096)	(640)	(952)
6.2 Derivative financial instruments gains/losses		6.252	6.402	6.398	6.643
6.3 Foreign exchange gains/losses (net)		(17.139)	(3.520)	(12.427)	(7.244)
VII. OTHER OPERATING INCOME	(5)	11.874	17.649	427	3.521
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		392.592	372.637	120.474	108.894
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(35.527)	(23.178)	(15.359)	(8.498)
X. OTHER OPERATING EXPENSES (-)	(7)	(55.265)	(52.183)	(17.531)	(16.671)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		301.800	297.276	87.584	83.725
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	301.800	297.276	87.584	83.725
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(57.241)	(57.655)	(19.696)	(17.027)
16.1 Provision for current income taxes		(37.095)	(64.770)	(16.685)	(22.598)
16.2 Provision for deferred taxes		(20.146)	7.115	(3.011)	5.571
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		244.559	239.621	67.888	66.698
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)		-	-	-	-
21.1 Provision for current income taxes		-	-	-	-
21.2 Provision for deferred taxes		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	244.559	239.621	67.888	66.698
Earnings / (losses) per share		0,188	0,184	0,052	0,051

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

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

	Reviewed Current Period 1 January 2013– 30 September 2013	Reviewed Prior Period 1 January 2012 – 30 September 2012
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(141.470)	96.930
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	6.308	(5.111)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	28.073	(18.504)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(107.089)	73.315
XI. CURRENT YEAR PROFIT/LOSS	244.559	239.621
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	6.551	(769)
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	238.008	240.390
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	137.470	312.936

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates, Subs and Jointly Controlled Entities	Hedging Reserves	Revaluation Surplus on Assets Held for sale and on Disc. Operations	Shareholders' Equity Before Non-controlling Interest	Non-Controlling Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDER'S EQUITY																			
Prior Period – 30 September 2012																			
I. Opening Balance		800.000	374	-	-	95.361	47.510	140.375	2.920	-	255.342	(7.297)	31.174	-	-	-	1.365.759	-	1.365.759
Changes during the period																			
II. Increase / Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	73.315	-	-	-	-	73.315	-	73.315
IV. Hedging (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	(3.983)	-	3.983	-	-	-	-	-	-
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		300.000	-	-	-	-	-	(163.000)	-	-	(137.000)	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		300.000	-	-	-	-	-	(163.000)	-	-	(137.000)	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	175	-	-	-	-	-	-	-	-	175	-	175
XVII. Period net income		-	-	-	-	-	-	-	239.621	-	-	-	-	-	-	-	239.621	-	239.621
XVIII. Profit distribution		-	-	-	-	27.515	12.767	23.598	-	-	(114.359)	-	-	-	-	-	(50.479)	-	(50.479)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(50.479)	-	-	-	-	-	(50.479)	-	(50.479)
18.2 Transfers to reserves		-	-	-	-	27.515	12.767	23.598	-	-	(63.880)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		1.100.000	374	-	-	122.876	60.277	1.148	2.920	239.621	-	66.018	35.157	-	-	-	1.628.391	-	1.628.391
Current Period – 30 September 2013																			
I. Opening Balance		1.100.000	374	-	-	122.876	60.277	1.148	2.920	-	307.264	125.319	35.157	-	-	-	1.755.335	-	1.755.335
Changes during the period																			
II. Increase / Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	(107.089)	-	-	-	-	(107.089)	-	(107.089)
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		-	-	-	-	-	-	-	244.559	-	-	-	-	-	-	-	244.559	-	244.559
XVIII. Profit distribution		-	-	-	-	33.392	15.364	21.070	-	-	(137.122)	-	-	-	-	-	(67.296)	-	(67.296)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(67.296)	-	-	-	-	-	(67.296)	-	(67.296)
18.2 Transfers to reserves		-	-	-	-	33.392	15.364	21.070	-	-	(69.826)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		1.300.000	374	-	-	156.268	75.641	18.597	2.920	244.559	-	18.230	8.920	-	-	-	1.825.509	-	1.825.509

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Reviewed Current Period 30 September 2013	Reviewed Prior Period 30 September 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		471.463	157.546
1.1.1 Interest received		561.214	360.220
1.1.2 Interest paid		(104.836)	(126.044)
1.1.3 Dividends received		6.948	4.957
1.1.4 Fees and commissions received		8.112	10.799
1.1.5 Other income		13.824	24.051
1.1.6 Collections from previously written off loans		859	1.960
1.1.7 Payments to personnel and service suppliers		(42.720)	(38.363)
1.1.8 Taxes paid		(51.294)	(53.844)
1.1.9 Others	(1)	79.356	(26.190)
1.2 Changes in operating assets and liabilities		69.812	103.641
1.2.1 Net (increase) decrease in financial assets		667	57.774
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		(664.128)	(754.007)
1.2.5 Net (increase) decrease in other assets		(179.406)	44.102
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		445.779	454.702
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	466.900	301.070
I. Net cash provided by/(used in) banking operations		541.275	261.187
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(244.729)	(183.790)
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		(392)	(765)
2.4 Fixed asset sales		1.193	3.325
2.5 Cash paid for purchase of financial assets available for sale		(1.083.293)	(281.576)
2.6 Cash obtained from sale of financial assets available for sale		838.082	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities (*)		-	95.787
2.9 Others	(1)	(199)	(261)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		(67.296)	(50.481)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	(2)
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)	3.750	(2.128)
V. Net increase / (decrease) in cash and cash equivalents		233.000	24.788
VI. Cash and cash equivalents at beginning of the period		65.564	67.686
VII. Cash and cash equivalents at end of the period		298.564	92.474

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2013

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of financial statements

As prescribed in the Article 37 of the Banking Act No. 5411, 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 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 (“TAS”), 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 unconsolidated financial statements, the underlying explanations and disclosures are expressed in Thousands of Turkish Lira unless otherwise stated.

Additional Paragraph for Convenience Translation to English

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

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

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the Turkish Accounting Standards, 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 XXII.

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 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 Bank have variable interest rates. The financial balances are monitored frequently and constant and variable interest rate placements are undertaken according to the return on the alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

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

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

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

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward and option contracts and derivative instruments

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

Mainly derivative instruments used by the Bank are foreign currency forwards, swaps, 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.

IV. Explanations on interest income and expenses

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

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

V. Explanations on fees and commission income and expenses

Fees and commissions received from cash loans, that are not an integral part of the effective interest rate, and fees for various banking services are recorded as income when collected. Fees and commissions paid for the funds borrowed, which are not integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. As of 30 September 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets

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

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

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

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

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

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

Cash, Banks and Other Financial Institutions:

Cash and cash equivalents comprise cash 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 Bank classifies its marketable securities in 3 groups:

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

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

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

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

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

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

As of the reporting date, the Bank 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 unconsolidated financial statements.

Explanations on investments in associates and subsidiaries:

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

Loans:

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

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

Turkish Lira (“TL”) cash loans are composed of foreign currency indexed loans, 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.

VII. Explanations on impairment on financial assets

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

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

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

Other than specific provisions, the 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)

VII. Explanations on impairment on financial assets (continued)

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

As a consequence of the regulation published in the 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 Bank are composed of personnel loans as of 30 September 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 in the Official Gazette No:28418 dated, the Bank has calculated general loan loss provisions with the rates stated in the first paragraph of Article 7 of the Communiqué.

VIII. Explanations on offsetting of financial assets and liabilities

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

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

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

The repurchase agreements of the Bank are based on the 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)

X. Explanations on assets held for sale and discontinued operations

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

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

XI. Explanations on goodwill and other intangible assets

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on tangible assets

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

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

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

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

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

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

XIII. Explanations on leasing transactions

The Bank as lessor

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

The Bank as lessee

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

XIV. Explanations on provisions and contingent liabilities

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on provisions and contingent liabilities (continued)

Explanations on contingent assets

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

XV. Explanations on liabilities regarding employee benefits

Under Turkish laws and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Bank. In retirement and involuntarily leaving, the Bank records the present value of the defined benefit obligation. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period.

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee benefits (continued)

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 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, as of 31 December 2012, there is no technical or actual shortage requiring provision. In addition, the Bank's management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Bank.

XVI. Explanations on taxation

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

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

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on taxation (continued)

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

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

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

Transfer pricing

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

XVII. Additional explanations on borrowings

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

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

XVIII. Explanations on share certificates issued

In the meeting of the General Assembly held on 26 March 2013, it has been resolved that, paid-in capital of the 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, 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 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 2011, TL 163.000 of this increase will be incorporated from extraordinary reserves. 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on acceptances

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

XX. Explanations on government incentives

The Bank does not use government incentives.

XXI. Explanations on segment reporting

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

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 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 are provided.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXI. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	216.335	135.411	-	351.746
Net Fees and Commission Income	5.287	1.884	147	7.318
Other Income	9.609	-	34.998	44.607
Other Expense	(49.605)	(23.708)	(28.558)	(101.871)
Profit Before Tax	181.626	113.587	6.587	301.800
Tax Provision				(57.241)
Net Profit				244.559
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	8.367.909	3.471.003	67.288	11.906.200
Investment in Associates and Subsidiaries	-	-	300.792	300.792
Total Assets	8.376.909	3.471.003	368.080	12.206.992
Segment Liabilities	8.119.126	2.010.206	252.151	10.381.483
Shareholders' Equity	-	-	1.825.509	1.825.509
Total Liabilities	8.119.126	2.010.206	2.077.660	12.206.992

Prior Period (*)	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	176.994	138.552	-	315.546
Net Fees and Commission Income	8.289	1.477	194	9.960
Other Income	11.673	5.290	33.058	50.021
Other Expense	(41.937)	(19.023)	(17.291)	(78.251)
Profit Before Tax	155.019	126.296	15.961	297.276
Tax Provision				(57.655)
Net Profit				239.621
Prior Period (**)	Corporate Banking	Investment Banking	Other	Total
Segment Assets	6.895.026	3.074.784	42.193	10.012.003
Investment in Associates and Subsidiaries	-	-	277.595	277.595
Total Assets	6.895.026	3.074.784	319.788	10.289.598
Segment Liabilities	6.718.858	1.540.142	275.263	8.534.263
Shareholders' Equity	-	-	1.755.335	1.755.335
Total Liabilities	6.718.858	1.540.142	2.030.598	10.289.598

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

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

XXII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated capital adequacy standard ratio

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

As of 30 September 2013, the Bank’s capital adequacy ratios in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 18,32% respectively.

Information related to the unconsolidated capital adequacy standard ratio

	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.202.339	513.677	1.834.579	-	8.864.885	9	29
Risk Types							
Contingent and Non-Contingent Claims on Sovereigns	2.202.228	-	327.213	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1.498	-	-
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	-	450.761	813.390	-	-	-	-
Contingent and Non-Contingent Claims on Corporates	-	62.916	680.086	-	8.291.146	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	13.890	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-	9	29
Securities Secured by Mortgage	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	193.855	-	-
Other Claims	111	-	-	-	378.386	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Summary information related to the capital adequacy standard ratio

	Current Period	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0,08) (CRCR)	790.799	652.296
Capital Requirement for Market Risk (CRMR)	16.698	15.460
Capital Requirement for Operational Risk (CROR)	56.851	47.693
Shareholders' Equity	1.979.759	1.820.009
Shareholders' Equity/((CRCR+CRMR+CROR) *12,5)*100	18,32	20,35

Information related to the shareholders' equity

CORE CAPITAL	Current Period	Prior Period
Paid-in Capital	1.300.000	1.100.000
Nominal Capital	1.300.000	1.100.000
Capital Commitments (-)	-	-
Inflation Adjustment to Share Capital	374	374
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	253.426	187.221
Inflation Adjustment on Legal Reserves, Statutory Reserves and Extraordinary Reserves	-	-
Profit	244.559	307.264
Current Period Profit	244.559	307.264
Prior Years' Profits	-	-
Provisions for Possible Losses up to 25% of Core Capital	-	-
Profit on sale of associates, subsidiaries and buildings	8.920	35.157
Primary subordinated loans	-	-
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Leasehold improvements (-)	(129)	(198)
Intangible assets (-)	(626)	(618)
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total Core Capital	1.806.524	1.629.200

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

SUPPLEMENTARY CAPITAL	Current Period	Prior Period
General Loan Loss Provisions	105.091	83.714
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 (*)	60.300	53.040
45% of the Marketable Securities Value Increase Fund (**)	8.204	54.429
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	173.595	191.183
CAPITAL	1.980.119	1.820.383
DEDUCTIONS FROM THE CAPITAL	(360)	(374)
Shareholdings in Non-consolidated Banks and Financial Institutions	-	-
Loans Extended to Banks, Financial Institutions (Domestic and Abroad) and Qualified Shareholders, Like Secondary Subordinated Loan and Debt Instruments Purchased from These Institutions Issued, Like Primary and Secondary Subordinated Loan	-	-
Banks and Financial Institutions to which are Accounted for Under Equity Method, but, are not Consolidated	-	-
Loans Extended Being Non-compliant with Articles 50 and 51 of the Law	-	-
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired in Exchange of Loans and Receivables According to the Article 57 of the Banking Law and have not been Disposed yet After 5 Years After Foreclosure	(360)	(374)
Securitisation Positions Deducted from Equity Preferred	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	1.979.759	1.820.009

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

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

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

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 credit risk

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to 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 limit systems are used and reports are presented to the Board of Directors, related committees and top management.

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

Legally, the standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Bank applies 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 Bank also makes VaR calculations, scenario analysis and stress tests to detect the risks which cannot be caught by 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 market risk table is as follows:

1.a Information related to the market risk

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	7.041
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	56
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	6.353
(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	319
(VII) Counterparty credit risk capital requirement - Standard method	2.929
(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 Risk (I+II+III+IV+V+VI+VII)	16.698
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	208.725

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.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations related to 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 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 Bank's top management. Thus, foreign currency risk is closely monitored. Foreign currency risk, as a part of general market risk, is also taken into consideration in the calculation of Capital Adequacy Standard Ratio.

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

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

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

	1 USD	1 EURO
A. Bank "Foreign Exchange Valuation Rate"		
30 September 2013	2,0100	2,7127
<u>Prior Five Workdays:</u>		
27 September 2013	1,9900	2,6849
26 September 2013	1,9950	2,6978
25 September 2013	1,9800	2,6673
24 September 2013	1,9650	2,6520
23 September 2013	1,9580	2,6490

Simple arithmetic thirty-day averages of the USD and EURO buying rates of the Bank before the reporting date are TL 1,9971 and TL 2,6651 respectively.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

Information on the Bank's foreign currency risk:

	Euro	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	109.622	130.097	-	239.719
Banks	886	13.012	1.188	15.086
Financial Assets at Fair Value Through Profit and Loss (*)	9.791	14.698	-	24.489
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	32.196	345.394	-	377.590
Loans (**)	3.295.286	4.622.583	-	7.917.869
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 (***)	4.798	29.819	-	34.617
Total Assets	3.452.579	5.155.603	1.188	8.609.370
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	13.132	224.922	9	238.063
Funds Provided From Other Financial Institutions(****)	3.788.380	4.477.611	-	8.265.991
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	3.595	7.385	1	10.981
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (*****)	14.758	16.687	-	31.445
Total Liabilities	3.819.865	4.726.605	10	8.546.480
Net Balance Sheet Position	(367.286)	428.998	1.178	62.890
Net Off-Balance Sheet Position	339.412	(365.441)	2	(26.027)
Financial Derivative Assets	529.686	217.339	2.140	749.165
Financial Derivative Liabilities	(190.274)	(582.780)	(2.138)	(775.192)
Non-Cash Loans (*****)	205.776	713.075	739	919.590
Prior Period				
Total Assets	3.069.711	4.258.640	451	7.328.802
Total Liabilities	3.351.513	3.895.622	11	7.247.146
Net Balance Sheet Position	(281.802)	363.018	440	81.656
Net Off-Balance Sheet Position	266.812	(261.867)	893	5.838
Financial Derivative Assets	416.985	130.153	893	548.031
Financial Derivative Liabilities	(150.173)	(392.020)	-	(542.193)
Non-Cash Loans (*****)	110.311	811.491	-	921.802

(*) Exchange rate differences arising from derivative transactions amounting to TL 1.305 is deducted from "Financial Assets at Fair Value Through Profit and Loss.

(**) Loans extended include TL 1.626.284 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 204 have not been included in other assets.

(****)According to BRSA's letters on 23 August 2013 and 29 August 2013, 60% (TL 60.300) of the Bank's Subordinated Loan considered in calculation of shareholders' equity, is not included in foreign currency risk calculation.

(*****) Marketable securities valuation increase fund amounting to TL 25.661 and exchange rate differences arising from derivative transactions amounting to TL 675 have not been included in "Other Liabilities". Borrower funds amounting to TL 2.545 are included in "Other Liabilities" on the basis of related foreign currencies.

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year 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	-	-	-	-	-	240.804	240.804
Banks	-	-	-	-	-	15.599	15.599
Financial Assets at Fair Value Through Profit and Loss	3.270	6.104	10.639	7.280	2.768	165	30.226
Money Market Placements	260.366	20.046	-	-	-	-	280.412
Available-for-Sale Financial Assets	773.640	500.672	966.136	420.944	196.961	45.609	2.903.962
Loans	1.254.288	4.120.385	2.400.408	556.906	31.114	-	8.363.101
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	356	289	4.163	-	-	368.080	372.888
Total Assets	2.291.920	4.647.496	3.381.346	985.130	230.843	670.257	12.206.992
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.632.890	-	106.456	-	-	-	1.739.346
Miscellaneous Payables	-	-	-	-	-	72.342	72.342
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.162.682	3.241.926	3.340.265	168.557	438.361	-	8.351.791
Other Liabilities (***)	6.137	8.332	10.393	11.997	1.336	2.005.318	2.043.513
Total Liabilities	2.801.709	3.250.258	3.457.114	180.554	439.697	2.077.660	12.206.992
Balance Sheet Long Position	-	1.397.238	-	804.576	-	-	2.201.814
Balance Sheet Short Position	(509.789)	-	(75.768)	-	(208.854)	(1.407.403)	(2.201.814)
Off-Balance Sheet Long Position	35.226	30.876	205.345	-	64.183	-	335.630
Off-Balance Sheet Short Position	-	-	-	(339.269)	-	-	(339.269)
Total Position	(474.563)	1.428.114	129.577	465.307	(144.671)	(1.407.403)	(3.639)

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

(**) Finance lease receivables amounting to TL 4.808 are presented in "Other Assets", on the basis of related maturities.

(***) Borrower funds amounting to TL 3.429 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to 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	-	-	-	-
Financial Assets at Fair Value through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	8,99
Available-for-Sale Financial Assets	5,43	6,71	-	8,74
Loans	3,67	4,09	-	9,23
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,51	1,02	-	5,64
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	0,50	0,50	-	4,00
Funds Provided from Other Financial Institutions	0,83	1,05	-	-

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year 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	-	-	-	-	-	132.613	132.613
Banks	-	-	-	-	-	37.571	37.571
Financial Assets at Fair Value Through Profit and Loss	1.296	4.658	6.058	5.686	5.739	660	24.097
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	979.951	726.647	483.844	377.504	275.789	36.768	2.880.503
Loans	1.200.865	2.467.258	2.819.258	357.741	40.472	-	6.885.594
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	1.017	7.585	793	37	-	319.788	329.220
Total Assets	2.183.129	3.206.148	3.309.953	740.968	322.000	527.400	10.289.598
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.251.696	2.164	777	-	-	-	1.254.637
Miscellaneous Payables	-	-	-	-	-	98.678	98.678
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.314.341	2.792.656	1.559.553	65.895	241.344	-	6.973.789
Other Liabilities (***)	10.707	380	1.989	7.941	9.563	1.931.914	1.962.494
Total Liabilities	3.576.744	2.795.200	1.562.319	73.836	250.907	2.030.592	10.289.598
Balance Sheet Long Position	-	410.948	1.747.634	667.132	71.093	-	2.896.807
Balance Sheet Short Position	(1.393.615)	-	-	-	-	(1.503.192)	(2.896.807)
Off-Balance Sheet Long Position	74.057	56.549	-	9.960	-	-	140.566
Off-Balance Sheet Short Position	-	-	(82.257)	-	(52.096)	-	(134.353)
Total Position	(1.319.558)	467.497	1.665.377	677.092	18.997	(1.503.192)	6.213

(*) Amounts in investments in associates and subsidiaries, deferred tax asset, 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 is presented in "Other Liabilities", within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

	Euro	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	-
Financial Assets at Fair Value through Profit and Loss	-	-	-	10,49
Money Market Placements		-	-	-
Available-for-Sale Financial Assets	5,36	6,49	-	9,04
Loans	3,77	4,25	-	10,32
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,76	1,02	-	5,51
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	1,00	1,00	-	6,50
Funds Provided from Other Financial Institutions	1,19	1,16	-	5,76

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, Funds Borrowed, Subordinated Debts and Other Debts which are monitored in banking book accounts in liabilities. All derivative instruments are recorded in trading book accounts. In this nature, 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 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	(61.192) / 54.765	(3,1%) / 2,8%
Euro	+200 / (200) basis point	12.629 / (16.053)	0,6% / (0,8%)
USD	+200 / (200) basis point	(13.383) / 13.310	(0,7%) / 0,7%
Total (for Negative Shocks)		52.022	2,7%
Total (for Positive Shocks)		(61.946)	(3,2%)

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to stock position risk

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

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

Equity shares risk due from banking book

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

Share Certificate Investments	Comparison		
	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	240.209	-	240.209
Quoted	240.209	-	240.209

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	(512)	-	-	1.834	-	825
Other Share Certificates	-	-	-	-	-	-
Total	(512)	-	-	1.834	-	825

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to liquidity risk

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

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

As seen on interest rate risk tables, the difference in interest rates of assets and liabilities is in favour of the assets. Such mismatch positively affects the profitability and is checked by the Bank Management with regular reports.

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII.Explanations related to 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 Year 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	3.994	201.635	-	35.175	-	-	-	240.804
Banks	15.599	-	-	-	-	-	-	15.599
Financial Assets at Fair Value Through Profit and Loss	165	2.252	3.817	10.636	8.579	4.777	-	30.226
Money Market Placements	-	260.366	20.046	-	-	-	-	280.412
Financial Assets Available-for-Sale	-	5.099	137.994	1.005.177	948.718	761.365	45.609	2.903.962
Loans	-	412.680	375.612	1.204.719	4.579.684	1.790.406	-	8.363.101
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	175	470	4.163	-	-	368.080	372.888
Total Assets	19.758	882.207	537.939	2.259.870	5.536.981	2.556.548	413.689	12.206.992
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	313.058	51.302	871.774	3.050.265	4.065.392	-	8.351.791
Money Market Borrowings	-	1.632.890	-	106.456	-	-	-	1.739.346
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	72.342	72.342
Other Liabilities (***)	-	6.137	8.332	10.393	11.997	1.336	2.005.318	2.043.513
Total Liabilities	-	1.952.085	59.634	988.623	3.062.262	4.066.728	2.077.660	12.206.992
Liquidity Gap	19.758	(1.069.878)	478.305	1.271.247	2.474.719	(1.510.180)	(1.663.971)	-
Prior Period								
Total Assets	66.226	410.942	341.319	1.563.070	5.402.595	2.148.890	356.556	10.289.598
Total Liabilities	-	1.400.745	119.576	543.683	2.579.884	3.620.618	2.025.092	10.289.598
Liquidity Gap	66.226	(989.803)	221.743	1.019.387	2.822.711	(1.471.728)	(1.668.536)	-

(*) Other assets and shareholders' equity, provisions and tax liability, which are necessary and cannot be converted into cash in the near future for the Bank's ongoing activities, such as tangible and intangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans are classified under "Undistributed" column.

(**) Finance lease receivables amounting to TL 4.808 are presented in "Other Assets", on the basis of related maturities.

(***) Borrower funds amounting to TL 3.429 are presented in "Other Liabilities" within 1 month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Explanations related to securitization exposures

None.

X. Explanations related to credit risk mitigation techniques

Offsetting is not used as credit risk mitigation techniques. In assessments within the scope of credit risk reduction techniques, using methods in regard to valuation and management of collaterals are realized in parallel with communiqué relating to Credit Risk Mitigation Techniques. Financial collaterals are evaluated on a daily basis in the Bank. Depending on the comprehensive financial collateral approach, risk mitigating effects of the collaterals are considered through the standard volatility adjustments. Value of the real estates subject to the collateral is determined at least once a year for commercial real estates and determined at least triennially for residential real estates. In the cases that significant changes in market conditions appear, the review is carried out at more frequent intervals. Within the communiqué, as a matter of credit risk mitigation techniques, only residences and commercial real estates (Warehouse, School, Hospital, Office and Store) which are not used for production purposes and can provide rental income are taken into consideration. In addition, land, field and orchard lands are also considered within same concept. Value of the real estates is assessed by the real estate appraisal companies, which are included in the list to provide valuation service by the CMB. Within the credit risk mitigation techniques, major collaterals that can be used by the Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, Stock Pledges), guarantees and mortgages. As of 30 September 2013, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used. As of 30 September 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	3.209.523	690.227	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	8.545	1.243	-	-
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	2.394.613	944.283	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	11.186.742	71.508	-	10.680
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	13.890	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	38	-	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	193.855	-	-	-
Other Claims	411.720	27.690	-	-
Total	17.418.926	1.734.951	-	10.680

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XI. Explanations related to risk management objectives and policies

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

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

Risk management process organized within the framework of risk management regulations and served to create a common risk culture throughout the Bank, is in a structure that these risks are described in line with the international regulations and are measuring, analyzing, following, monitoring and reporting within this framework. Within the framework of the mentioned structure, the Bank’s Risk Management, 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 Bank, implementation, identification, measurement, monitoring, analysis, evaluation and reporting of risk management system activities.

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Credit risk management policy

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

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

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

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

Market risk management policy and currency risk management policy

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

The test mentioned is based on the comparison of calculated Value at Risk and actual losses. In addition stress tests are applied to determine the effects of the events whose probability of occurrence is low; however, loss level is high on Value at Risk. Currency risk management is measured and monitored by using the VaR model. The Bank's Risk Management actively involved in measurement, analysis and monitoring process of market risk and currency risk and regular reporting is provided to the Board of Directors, Audit Committee, top management and other departments related with market risk by the Bank's Risk Management.

Operational risk management policy

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

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

Structural interest rate risk management policy

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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 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 Bank's Risk Management.

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

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

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	74	37	84	113
Balances with the Central Bank of Turkey	1.011	239.682	25.328	107.088
Other	-	-	-	-
Total	1.085	239.719	25.412	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	1.011	2.872	25.328	2.470
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	236.810	-	104.618
Total	1.011	239.682	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, . 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 September 2013 are presented in table below:

	Reserve Rates for FC Liabilities (%)	Reserve Rates for TL Liabilities (%)
Other liabilities until 1 year maturity (1 year include)	13,0	11,5
Other liabilities until 3 year maturity (3 year include)	11,0	8,0
Other liabilities more than 3 year maturity	6,0	5,0

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

2.a.1 Trading securities:

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

As of the reporting date, the Bank has no trading securities given as collateral or blocked (31 December 2012: None).

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

As of the reporting date, the Bank has no trading securities subject to repurchase agreements (31 December 2012: None).

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

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

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

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

Held for trading financial derivative instruments	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2.637	200	1.792	1.188
Swap Transactions	1.630	12.618	4.351	15.479
Futures Transactions	-	-	-	-
Options	-	12.976	-	433
Other	-	-	-	-
Total	4.267	25.794	6.143	17.100

3. Information on banks and foreign banks account

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
<i>Banks</i>				
Domestic	513	1.352	2.545	1.111
Foreign	-	13.734	-	33.915
Branches and head office abroad	-	-	-	-
Total	513	15.086	2.545	35.026

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

3.b Information on foreign banks:

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	1.590.876	-	1.021.262	-
Treasury bills	-	-	-	-
Other debt securities	-	250.480	-	293.720
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.590.876	250.480	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 issued by the Turkish Treasury. The carrying value of those assets is TL 269.815 (31 December 2012: TL 463.362).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	269.815	-	463.362	-
Other	-	-	-	-
Total	269.815	-	463.362	-

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

Available for sale financial assets comprise government bonds (66,99%), Eurobonds (11,18%) and shares and other securities (21,83%) (31 December 2012: government bonds (73,85%), Eurobonds (11,90%) and shares and other securities (14,25%)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period	Prior Period
Debt securities	2.871.824	2.846.275
Quoted on a stock exchange	2.496.677	2.396.908
Unquoted	375.147	449.367
Share certificates	59.640	47.724
Quoted on a stock exchange	17.151	22.950
Unquoted	42.489	24.774
Other Impairment provision(-)	(27.502)	(13.496)
Total	2.903.962	2.880.503

Net book value of unquoted available for sale share certificates is TL 29.452 (31 December 2012: TL 15.983).

5. Information on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	119.120	117.413	107.017	117.413
Corporate shareholders	119.120	117.413	107.017	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	111	-	168	-
Total	119.231	117.413	107.185	117.413

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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)	Loans and Other Receivables (Total)	
		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Non-specialized loans	8.220.706	107.456	-	142.395	97.050	-
Corporation loans	2.241.549	-	-	5.763	5.763	-
Export loans	144.715	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.018.939	-	-	-	-	-
Consumer loans	111	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	4.815.392	107.456	-	136.632	91.287	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	8.220.706	107.456	-	142.395	97.050	-

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SECTION FIVE (Continued)

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

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

5. Information on loans (continued)

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

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	107.456	97.050
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	-	81.203
1-2 Years	-	-
2-5 Years	33.900	-
5 Years and More	73.556	15.847

In relation to the disclosure of changing the conditions of the payment plans of loans, which are followed under standard loans and other receivables and loans and receivables under close monitoring subsequent to the change in the regulation on “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 27947 dated 28 May 2011; the Bank has provided general loan loss provision at a rate of 5% for one loan customer which is followed under standard loans and other receivables and for four customer which is followed under loans and other receivable under close monitoring and which has been extended more than 1 year.

5.c Loans according to their maturity structure:

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 UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

5. Information on loans (continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	70	41	111
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	70	41	111
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	70	41	111

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

The Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (31 December 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	8.316.191	6.860.399
Foreign loans	46.910	25.195
Total	8.363.101	6.885.594

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	199.698	185.532
Indirect loans granted to subsidiaries and associates	-	-
Total	199.698	185.532

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	6.464	59
Loans and receivables with doubtful collectability	-	5.316
Uncollectible loans and receivables	12.925	8.400
Total	19.389	13.775

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

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SECTION FIVE (Continued)

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

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

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	9.505
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	9.505
Prior Period			
(Gross amounts before provisions)	-	5.315	4.420
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	5.315	4.420

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	8.400
Additions (+)	6.405	42	26
Transfers from other categories of non-performing Loans (+)	-	-	5.358
Transfers to other categories of non-performing loans (-)	-	(5.358)	-
Collections (-)	-	-	(859)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	6.464	-	12.925
Specific provision (-)	(6.464)	-	(12.925)
Net Balances on Balance Sheet	-	-	-

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SECTION FIVE (Continued)

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

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

5. Information on loans (continued)

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

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	-	5.362
Specific Provision (-)	(84)	-	(5.362)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	56	5.314	48
Specific Provision (-)	(56)	(5.314)	(48)
Net Balance on Balance Sheet	-	-	-

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)	6.464	-	12.925
Specific Provision Amount (-)	(6.464)	-	(12.925)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	59	5.316	8.400
Specific Provision Amount (-)	(59)	(5.316)	(8.400)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.k Main principles of liquidating 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 Bank has no investment securities held-to-maturity (31December 2012: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on associates (net)

7.a.1 Information on associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	57,36
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	57,67
4	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
5	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/ Turkey	10,00	20,00

	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)	935.269	68.175	641	42.250	11	9.360	236	-
İş Finansal (2)	3.107.299	610.677	2.651	138.770	60	45.093	29.955	109.079
İş Girişim (3)	445.406	302.477	101.628	-	-	72.183	32.328	34.438
Terme (4)	12.692	3.748	595	241	-	230	13	-
Ege Tarım (5)	11.700	11.600	8.698	38	-	(876)	(229)	-

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

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SECTION FIVE (Continued)

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

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

7. Information on associates (net) (continued)

7.a.2 Movement of associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	141.127	129.479
Movements During the Period	10.807	11.648
Purchases	120	420
Bonus Shares Obtained	16.769	15.555
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(6.082)	(4.327)
Balance at the End of the Period	151.934	141.127
Capital Commitments	-	120
Share Percentage at the End of the Period (%)	-	-

Information on associates sold in the current period

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

Information on associates purchased in the current period

The 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 TL 11.152 to TL 13.552 and the 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 March 2013.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	6.771	1.551
Leasing Companies	109.079	113.320
Financial Service Companies	-	-
Other Associates	34.438	24.730

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on associates (net) (continued)

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	143.517	138.050
Associates quoted on foreign stock exchanges	-	-

8. Information on subsidiaries (net)

8.a.1 Information on 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	5.018	68.726
Leasehold Improvements (-)	(1.334)	-
Intangible Assets (-)	(391)	(5)
Total Core Capital	69.666	225.035
SUPPLEMENTARY CAPITAL	742	-
CAPITAL	70.408	225.035
NET AVAILABLE CAPITAL	70.408	225.035

(*) The information is obtained from financial statements subject to consolidation as of 30 September 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. are valued at cost and are not consolidated since they are not financial subsidiaries. Unconsolidated subsidiaries of the Bank are not subject to capital requirement.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net) (continued)

8.b.1 Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YFMEN. DEĞ.)	Istanbul /Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	66,84
4	TSKB Gayrimenkul Danışmanlık A.Ş. (TGD A.Ş.)	Istanbul/Turkey	46,58	100,00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
TSKB GMD (1)	9.832	8.181	1.291	-	-	1.964	1.925	-
YFMEN.DEĞ. (2)	477.207	73.261	2.936	18.720	483	4.190	1.890	-
TSKB GYO (3)	360.969	223.577	337.669	894	-	(11.567)	10.002	80.535
TGD A.Ş. (4)	540	551	-	10	-	(23)	(48)	-

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

8.b.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	136.468	118.888
Movements in period	12.390	17.580
Purchases	-	-
Bonus shares obtained	-	7.184
Current year share of profit	-	-
Sales (*)	-	(6.548)
Revaluation increase	12.390	16.944
Provision for impairment	-	-
Balance at the end of the period	148.858	136.468
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.

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net) (continued)

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

	Current Period	Prior Period
Subsidiaries	-	-
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Subsidiaries	148.246	135.856

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

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	80.535	68.145
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information on entities under common control

The Bank has no entities under common control as of the reporting date (31 December 2012: None).

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	4.908	4.808	6.073	5.829
Between 1- 4 years	-	-	3.685	3.603
More than 4 years	-	-	-	-
Total	4.908	4.808	9.758	9.432

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

	Current Period	Prior Period
Gross investments in finance leases	4.908	9.758
Unearned revenue from finance leases (-)	(100)	(326)
Cancelled finance leases (-)	-	-
Net investments in finance leases	4.808	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 financial leasing law 3226. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on derivative financial assets for hedging purposes

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

12. Explanations on tangible assets (net)

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 (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.

14. Information on investment property

The Bank has no investment property (31 December 2012: None).

15. Information on deferred tax assets

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

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

Deferred tax asset:	Current Period	Prior Period
Loan commissions accrual adjustment	11.094	11.496
Other provisions	9.532	10.775
Marketable securities	96	119
Employee benefit provision	1.493	1.381
Other	165	259
Total Deferred Tax Asset	22.380	24.030
Deferred tax liability:		
Marketable securities	(6.501)	(14.703)
Loan commissions accrual adjustment	(2.856)	(2.395)
Derivative instrument accruals	(235)	(2.038)
Useful life difference of fixed assets	(17)	(50)
Total Deferred Tax Liability	(9.609)	(19.186)
Net Deferred Tax Asset	12.771	4.844

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations related to the assets (continued)

15. Information on deferred tax assets (continued)

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

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax asset from reversal of allowance (31 December 2012: None).

16. Information on assets held for sale

In the current period, the 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 UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.235	94	1.565	1.164
Swap Transactions	3.721	11.990	-	17.733
Futures Transactions	-	-	-	-
Options	-	17.491	-	367
Other	235	-	-	-
Total	5.191	29.575	1.565	19.264

3. Information on funds borrowed

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	25.500	234.852	22.000	66.589
From Foreign Banks, Institutions and Funds	-	7.989.327	-	6.796.075
Total	25.500	8.224.179	22.000	6.862.664

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	25.500	536.483	22.000	270.665
Medium and long-term	-	7.687.696	-	6.591.999
Total	25.500	8.224.179	22.000	6.862.664

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SECTION FIVE (Continued)

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

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

3. Information on funds borrowed (continued)

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 Explanations on finance lease payables:

The Bank has no financial lease payables (31 December 2012: TL 6).

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings and 1 branch are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2012: 2 head office buildings, 1 branch under operational leasing).

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

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

6. Information on derivative financial liabilities for hedging purposes

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

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SECTION FIVE (Continued)

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

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

7. Information on provisions

7.a Information on general provisions:

	Current Period	Prior Period
General Provisions	105.091	83.714
Provisions for First Group Loans and Receivables	86.505	72.652
- <i>Additional provisions for the loans with extended payment plan</i>	<i>5.373</i>	<i>5.108</i>
Provisions for Second Group Loans and Receivables	5.759	599
- <i>Additional provisions for the loans with extended payment plan</i>	<i>4.852</i>	-
Provisions for Non-Cash Loans	2.859	2.417
Other	9.968	8.046

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

The foreign exchange losses on the foreign currency indexed loans amount to TL 96 (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 Provision for possible losses:

The Bank has no provision for possible provisions (31 December 2012: None).

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

	Current Period	Prior Period
Provision for losses of forward security	35	-
Provisions for Ongoing Lawsuit	125	125
Other (*)	47.500	53.751
Total	47.660	53.876

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on taxes payable

8.a Information on current taxes payable:

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	16.688	-	29.690	-
Deferred tax liability	-	-	-	-
Total	16.688	-	29.690	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	16.688	29.690
Taxation of securities	880	621
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	1.227	1.101
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	84	52
Other	662	573
Total	19.541	32.037

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	18	16
Unemployment insurance-Employer	35	32
Other	-	-
Total	53	48

8.b Information on deferred taxes liabilities:

At the reporting date, the Bank has no deferred tax liability (31 December 2012: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

9. Information on liabilities regarding assets held for sale

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 Bank 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

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 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, 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 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 2011, TL 163.000 of this increase will be incorporated from extraordinary reserves. 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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on shareholders' equity (continued)

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

In the current period 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 period, the general purpose of these commitments and projected resources required to meet these commitments:

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

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

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

11.g Information on preferred shares:

The Bank has no preferred shares (31 December 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	2.736	-	(3.572)	-
Valuation Differences	(10.167)	25.661	59.506	69.385
Foreign Exchange Difference	-	-	-	-
Total	(7.431)	25.661	55.934	69.385

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations related to the off-balance sheet items

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

The Bank has commitments for forward asset purchase and sales commitments amounting to TL 120.139 (31 December 2012: TL 10.175), money market purchase and sale transaction commitments amounting to TL 14.339 (31 December 2012: None), commitment for use guaranteed credit allocation amounting to TL 4.556 (31 December 2012: TL 4.007); commitments for stock brokerage purchase and sales amounting to TL 3.082 (31 December 2012: TL 11.244), commitments for letter of credit amounting to TL 14.616 (31 December 2012: TL 11.902), forward option premium amounting to TL 28 (31 December 2012: None).

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

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

As at the reporting date, total letters of credit are TL 426.577 (31 December 2012: TL 572.564).

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

As at the reporting date, total letters of guarantee given by the Bank is TL 1.003.119 (31 December 2012: TL 635.768).

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

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	-	-
With maturity of one year or less than one year	-	-
With maturity of more than one year	-	-
Other non-cash loans	1.429.696	1.212.557
Total	1.429.696	1.212.557

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.

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SECTION FIVE (Continued)

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

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

2. Information related to derivative financial instruments

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 15 legal cases against the Bank which are amounting to TL 764 as of the reporting date (31 December 2012: TL 825 – 15 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 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 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 Bank. The Bank assesses that the Bank’s practice is in compliance with the legislation and there is no legal basis for the tax administration’s suspended assessments, therefore, there is no need for provision. The Bank has used the legal rights for that assessment. No provision has been provided as of the reporting date.

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 UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	6.181	7.306	7.877	7.224
Medium and long term loans	62.815	207.705	60.828	172.747
Interest on non-performing loans	515	-	219	514
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	69.511	215.011	68.924	180.485

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

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	177	12	51	221
Foreign banks	-	-	1	1
Branches and head office abroad	-	-	-	-
Total	177	12	52	222

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	293	7	1.224	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	141.939	20.189	149.077	23.512
Investments Held to Maturity	-	-	7.693	-
Total	142.232	20.196	157.994	23.512

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	6.380	6.218

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Information on interest expenses

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	528	4.170	90	4.524
The Central Bank of Turkey	-	-	-	-
Domestic banks	437	474	70	452
Foreign banks	91	3.696	20	4.072
Branches and head office abroad	-	-	-	-
Other financial institutions	-	55.707	-	63.935
Total (*)	528	59.877	90	68.459

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

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

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

2.c Information on interest expense to securities issued:

The Bank has no interest expense to securities issued (30 September 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	378.274	283.884
Gains on capital market operations	6.863	2.047
Gains on derivative financial instruments (*)	89.798	79.009
Foreign exchange gains	281.613	202.828
Losses (-)	(384.713)	(282.098)
Losses on capital market operations	(2.415)	(3.143)
Losses on derivative financial instruments (*)	(83.546)	(72.607)
Foreign exchange losses	(298.752)	(206.348)

(*) Foreign exchange gain from derivative transactions amounting to TL 69.797 is presented in "Profit on derivative financial instruments" (30 September 2012: TL 50.974), foreign exchange loss from derivative transactions amounting to TL (59.621) is presented in "Losses on derivative financial instruments" (30 September 2012: TL (39.115)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	9.609	12.386
Gains on Sale of Assets	853	2.962
From Associate and Subsidiary Sales	756	-
From Immovable Fixed Asset Sales	33	2.912
From Property Sales	64	50
From Other Asset Sales	-	-
Other	1.412	2.301
Total	11.874	17.649

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	6.473	123
III. Group	6.405	59
IV. Group	42	-
V. Group	26	64
General provision expenses	21.377	15.328
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	5.177	2.727
Trading securities	-	12
Investment securities available for sale	5.177	2.715
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other	2.500	5.000
Total	35.527	23.178

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SECTION FIVE (Continued)

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

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

7. Information related to other operating expenses

	Current Period	Prior Period
Personnel expenses	35.240	32.810
Reserve for employee termination benefits	193	139
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	895	1.008
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	191	182
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	14	15
Depreciation expenses of assets for resale	5	7
Impairment expenses of assets held for sale	-	-
Other operating expenses	11.921	10.990
Rent expenses	5.299	5.082
Maintenance expenses	286	357
Advertisement expenses	498	226
Other expenses	5.838	5.325
Loss on sale of assets	20	-
Other	6.786	7.032
Total	55.265	52.183

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

As of 30 September 2013, profit before tax of the Bank has increased by 1,52% compared to prior period (30 September 2012: 31,16%). Net interest income of the Bank has increased by 11,47% compared to prior period (30 September 2012: 18,77%).

9. Information on tax provision for continued and discontinued operations

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

The Bank's current tax charge for the period is TL 37.095 (30 September 2012: TL 64.770). Deferred tax charge is TL 20.146 (30 September 2012: TL 7.115 tax benefit).

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

Deferred tax charge calculated on temporary differences is TL 20.146 (30 September 2012: TL 7.115 tax benefit).

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SECTION FIVE (Continued)

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

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

9. Information on net profit from continued and discontinued operations before tax (continued)

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

As of 30 September 2013, deferred tax charge calculated based on temporary timing differences is TL 20.146 (30 September 2012: TL 7.115 tax benefit). There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exceptions (30 September 2012: None).

In addition, TL 4.191 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).

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

As of 30 September 2013, net profit of the Bank has increased by 2,06% compared to prior net profit (30 September 2012: 30,94%).

11. Information on net profit/loss

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

The Bank has generated TL 458.278 interest income, TL 106.532 interest expenses and TL 7.318 net fee and commission income from banking operations (30 September 2012: TL 438.129 interest income, TL 122.583 interest expense, TL 9.960 net fee and commission income).

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

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

11.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (30 September 2012: None).

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

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

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

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 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 UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations on the risk group of the bank

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

1.a Current Period:

Risk Group of the Bank	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	185.532	412	107.017	117.413	44.671	4.225
Balance at end of period	199.698	262	119.120	117.413	87.304	-
Interest and commission income	6.375	5	1.934	220	2.156	-

1.b Prior Period:

Risk Group of the Bank	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	200.426	490	57.506	117.413	41.643	-
Balance at end of period	185.532	412	107.017	117.413	44.671	4.225
Interest and commission income (*)	6.214	4	1.440	220	1.481	-

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

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

The Bank is not authorized to accept deposits.

2. Information on forward, option and other similar agreements made with Bank's own risk group

The Bank has no forward, option and other similar agreements made with Bank's own risk group.

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

Benefits provided to the key management personnel in the current period amount to TL 6.150 (30 September 2012: TL 5.773).

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank

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

FITCH RATINGS

Long-term Maturity Foreign Currency (Issuer)	BBB-
Long-term Maturity Foreign Currency (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
Foreign Currency (Issuer)	
Long-term Maturity	Baa3
Outlook	Stable
Short-term Maturity	P-3
Domestic Currency (Issuer)	
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

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, declared the Bank's corporate governance rating of 9,11 over 10 (91,09%) has increased to 9,40 (94,03%) on its revision report dated 21 October 2013 based on the investigation performed. With respect to CMB's resolution, ratings under the main topics of weighted Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors are revised and declared as; 88,65 (Weight: 25%), 97,08 (Weight: 25%), 95,44 (Weight: 15%), 95,08 (Weight: 35%) respectively.

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

SECTION SEVEN

INDEPENDENT AUDITORS' REVIEW REPORT

I. Explanations on the independent auditors' review report

Unconsolidated financial statements and the notes to the financial statements as at 30 September 2013 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("the Turkish member firm of KPMG International Cooperative, a Swiss entity"). The independent auditors' review report dated 30 October 2013 is presented at the beginning of the 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 Bank's operations.