



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

**Unconsolidated Financial Statements
As of and For the Year Ended 31 December 2013
(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)
With Independent Auditors' Report Thereon**

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

4 February 2014

This report contains "Independent Auditors' Report" comprising 2 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 124 pages.



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

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

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

We have audited the unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") as of 31 December 2013 and the related unconsolidated income statement, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' Responsibility for the Financial Statements:

The Board of Directors of the Bank is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and fair presentation of the financial statements in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (BRSA) and declarations by the Banking Regulation and Supervision Board, free of material misstatement, whether due to fraud or error, that could lead to false information within.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Authorization and Activities of Institutions to Perform Independent Audit at Banks" published on the Official Gazette dated 1 November 2006 and numbered 26333 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion expressed below.



Opinion:

In our opinion, based on our audit, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as of 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards as per the Article 37 of (Turkish) Banking Law No: 5411 and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
4 February 2014

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

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

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

4 February 2014



Adnan BALI

**Chairman of
Board of Directors**



Özcan TÜRKAKIN

**Member of Board of Directors
and General Manager**



Ömer ERYILMAZ

**Executive Vice President
In Charge of Financial
Reporting**



Mustafa GÖKTAŞ

**Head of Financial
Control Department**



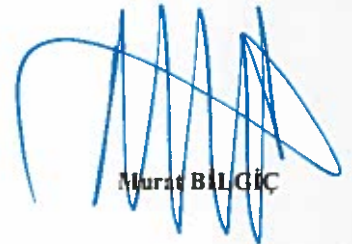
M. Baran TUNCER

Member of Audit Committee



Kemal Serdar DİŞÇİ

Member of Audit Committee



Murat BİLİCİ

Member of Audit Committee

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)	Date of Appointment	Academic Background	Experience in Banking and Management
Adnan Bali	Chairman of the Board of Directors	15 April 2011	Undergraduate	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 Dişli (2)	Member of the Board of Directors and Audit Committee	25 May 2007	Undergraduate	26
Uygur Şafak Ögün	Member of the Board of Directors	2 April 2010	Postgraduate	19
Feridun Bilgin	Member of the Board of Directors	12 September 2012	Doctorate	17
Halil Aydoğan (3)	Member of the Board of Directors	20 December 2013	Undergraduate	37

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 Project Finance	29 December 2004	Undergraduate	24
Ömer Eryılmaz	Vice President – Financial Control, Budget Planning and Investor Relations	27 January 2006	Undergraduate	28
Çiğdem İcel	Vice President – Treasury and Human Resources	27 January 2006	Undergraduate	24
Ufuk Bala Yücel	Vice President - Loans	25 December 2007	Undergraduate	27
B. Gökhan Çanakpınar	Vice President – Information Technology and Operation	10 January 2012	Undergraduate	24
Ece Börü (4)	Vice President – Enterprise Architecture	28 November 2013	Undergraduate	25
Hakan Aygen (4)	Vice President – Corporate Finance and Economic Research	28 November 2013	Doctorate	24

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

(2) According to the Communiqué of CMB Serial: IV No:63 members of the Audit Committee are regarded as Independent Members of the Board of Directors.

(3) Yonca Koçak, the independent member of the Board of Directors, has resigned from her duty and in the Board of Directors meeting per decree no 2147 on 16 December 2013, Halil Aydoğan was elected to vacant position in accordance with article no.363 of Turkish Commercial Code.

(4) Ece Börü was appointed as Vice President of Enterprise Architecture department and Hakan Aygen was appointed as Vice President of Corporate Finance and Economic Research department in the Board of Directors meeting per decree no 2145 on 28 November 2013.

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 YEAR ENDED 31 DECEMBER 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

Current Period	Share	Shareholding	Paid in	Unpaid
<u>Name Surname/Commercial Title</u>	<u>Capital</u>	<u>Rate (%)</u>	<u>Capital</u>	<u>Capital</u>
T. İş Bankası A.Ş. Group	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 the Bank is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Bank, which operates as a non-deposit accepting bank, played a major role on manufacturing and finance sectors in every phase of the economic development of Turkey. The Bank started its journey in 1950 financing the private sector investments in Turkey and today it provides loans and project finance with the goal of sustainable development to corporations in different fields. As a leader in meeting the long term finance needs of the private sector, the Bank also continues to offer solutions with respect to the newest needs and client demands.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account 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 line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Faktoring A.Ş. are included in the accompanying consolidated financial statements by equity method.

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

Yatırım Finansman Menkul Değerler A.Ş. :

Yatırım Finansman Menkul Değerler A.Ş. (“YFAŞ”) was established 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’s headquarters is located at Istanbul/Türkiye.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

The Bank Disclosure Policy approved by the meeting of the Board of Directors has 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 the Bank corporate website.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2013

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

		Audited Current Period 31 December 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)	42.105	302.864	344.969	25.412	107.201	132.613
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	6.655	34.032	40.687	6.997	17.100	24.097
2.1 Trading financial assets		6.655	34.032	40.687	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		6.655	34.032	40.687	6.143	17.100	23.243
2.1.4 Other marketable securities		-	-	-	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)	418	6.902	7.320	2.545	35.026	37.571
IV. MONEY MARKET PLACEMENTS		50	-	50	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		50	-	50	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2.588.430	378.066	2.966.496	2.405.854	474.649	2.880.503
5.1 Share certificates		41.510	2.957	44.467	33.811	2.957	36.768
5.2 Public sector debt securities		1.996.493	332.811	2.329.304	2.127.232	342.798	2.470.030
5.3 Other marketable securities		550.427	42.298	592.725	244.811	128.894	373.705
VI. LOANS	(5)	2.318.337	6.853.905	9.172.242	1.768.357	5.117.237	6.885.594
6.1 Loans		2.318.337	6.853.905	9.172.242	1.768.357	5.117.237	6.885.594
6.1.1 Loans to risk group of the Bank		295.191	170.979	466.170	207.789	129.431	337.220
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2.023.146	6.682.926	8.706.072	1.560.568	4.987.806	6.548.374
6.2 Non performing loans		15.792	20.461	36.253	8.357	5.418	13.775
6.3 Specific provisions (-)		(15.792)	(20.461)	(36.253)	(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)	152.328	-	152.328	141.127	-	141.127
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		152.328	-	152.328	141.127	-	141.127
9.2.1 Financial investments		150.682	-	150.682	139.601	-	139.601
9.2.2 Non-financial investments		1.646	-	1.646	1.526	-	1.526
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	134.698	-	134.698	136.468	-	136.468
10.1 Unconsolidated financial subsidiaries		134.086	-	134.086	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)	-	4.518	4.518	-	9.432	9.432
12.1 Finance lease receivables		-	4.573	4.573	-	9.758	9.758
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(55)	(55)	-	(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)	7.335	-	7.335	8.212	-	8.212
XV. INTANGIBLE ASSETS (Net)	(13)	645	-	645	618	-	618
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		645	-	645	618	-	618
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	15.036	-	15.036	4.844	-	4.844
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		15.036	-	15.036	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)	19.212	45.621	64.833	12.424	16.095	28.519
TOTAL ASSETS		5.285.249	7.625.908	12.911.157	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 31 DECEMBER 2013

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

LIABILITIES	Note Ref.	Audited Current Period 31 December 2013			Audited Prior Period 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
I.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
I.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	7.277	33.507	40.784	1.565	19.264	20.829
III. FUNDS BORROWED	(3)	-	9.002.255	9.002.255	22.000	6.862.664	6.884.664
IV. MONEY MARKET BALANCES		1.362.794	246.231	1.609.025	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		3.893	-	3.893	-	-	-
4.3 Funds provided under repurchase agreements	(3)	1.358.901	246.231	1.605.132	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		946	5.008	5.954	1.909	7.836	9.745
6.1 Borrower funds		946	5.008	5.954	1.909	7.836	9.745
6.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		72.777	4.866	77.643	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)
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)	161.195	1.865	163.060	144.494	-	144.494
12.1 General loan loss provisions		104.331	-	104.331	83.714	-	83.714
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		6.614	-	6.614	6.904	-	6.904
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		50.250	1.865	52.115	53.876	-	53.876
XIII. TAX LIABILITY	(8)	20.993	-	20.993	32.085	-	32.085
13.1 Current tax liability		20.993	-	20.993	32.085	-	32.085
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	106.759	106.759	-	89.125	89.125
XVI. SHAREHOLDERS' EQUITY		1.869.036	15.648	1.884.684	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		(11.027)	15.648	4.621	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)	(20.321)	15.648	(4.673)	55.934	69.385	125.319
16.2.4 Tangible assets revaluation differences	(11)	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		254.006	-	254.006	187.221	-	187.221
16.3.1 Legal reserves	(11)	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	(11)	18.597	-	18.597	1.148	-	1.148
16.3.4 Other profit reserves		3.500	-	3.500	2.920	-	2.920
16.4 Profit or loss		326.057	-	326.057	307.264	-	307.264
16.4.1 Prior years' income/losses		-	-	-	-	-	-
16.4.2 Current year income/loss		326.057	-	326.057	307.264	-	307.264
TOTAL LIABILITIES AND EQUITY		3.495.018	9.416.139	12.911.157	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 31 DECEMBER 2013

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

	Note Ref	Audited Current Period 31 December 2013			Audited Prior Period 31 December 2012		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		1.611.464	6.726.766	8.338.230	1.217.771	5.325.467	6.543.238
I. GUARANTEES AND COLLATERALS	(1)	505.921	947.499	1.453.420	290.755	921.802	1.212.557
1.1 Letters of guarantee		505 921	509 466	1 015 387	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		505 921	509 466	1 015 387	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		-	438 033	438 033	-	572 564	572 564
1.3.1 Documentary letters of credit		-	438 033	438 033	-	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)	584.686	1.874.009	2.458.695	757.446	1.643.773	2.401.219
2.1 Irrevocable commitments		221 292	363 653	584 945	15 346	22 102	37 448
2.1.1 Forward asset purchase and sales commitments		213 594	297 751	511 345	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		-	4 805	4 805	-	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		7 698	61 097	68 795	12 456	10 690	23 146
2.2 Revocable commitments		363 394	1 510 356	1 873 750	742 100	1 621 671	2 363 771
2.2.1 Revocable loan granting commitments		363 394	1 510 356	1 873 750	742 100	1 621 671	2 363 771
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	520.857	3.905.258	4.426.115	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		520 857	3 905 258	4 426 115	169 570	2 759 892	2 929 462
3.2.1 Forward foreign currency buy/sell transactions		19 461	140 956	160 417	110 621	364 896	475 517
3.2.1.1 Forward foreign currency transactions-buy		-	81 192	81 192	55 432	182 456	237 888
3.2.1.2 Forward foreign currency transactions-sell		19 461	59 764	79 225	55 189	182 440	237 629
3.2.2 Swap transactions related to f.c. and interest rates		130 408	3 330 530	3 460 938	27 481	2 275 575	2 303 056
3.2.2.1 Foreign currency swaps-buy		47 966	427 251	475 217	13 411	318 374	331 785
3.2.2.2 Foreign currency swaps-sell		33 050	442 651	475 701	14 070	311 327	325 397
3.2.2.3 Interest rate swaps-buy		24 696	1 230 314	1 255 010	-	822 937	822 937
3.2.2.4 Interest rate swaps-sell		24 696	1 230 314	1 255 010	-	822 937	822 937
3.2.3 Foreign currency, interest rate and securities options		370 988	433 772	804 760	31 468	119 421	150 889
3.2.3.1 Foreign currency options-buy		187 344	205 442	392 786	15 734	43 896	59 630
3.2.3.2 Foreign currency options-sell		183 644	209 840	393 484	15 734	44 325	60 059
3.2.3.3 Interest rate options-buy		-	9 245	9 245	-	15 600	15 600
3.2.3.4 Interest rate options-sell		-	9 245	9 245	-	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		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		23.442.801	95.333.522	118.776.323	5.394.070	70.536.520	75.930.590
IV. ITEMS HELD IN CUSTODY		1.547.507	256.120	1.803.627	1.260.870	264.060	1.524.930
4.1 Customers' securities held		-	-	-	8 619	-	8 619
4.2 Investment securities held in custody		118 763	256 120	374 883	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		517	-	517	3 335	-	3 335
4.8 Custodians		1 428 227	-	1 428 227	978 778	-	978 778
V. PLEDGED ITEMS		11.539.856	58.279.203	69.819.059	3.179.702	46.066.494	49.246.196
5.1 Marketable securities		392 936	2 677 590	3 070 526	2 935	1 208 830	1 211 765
5.2 Guarantee notes		85 396	1 587 404	1 672 800	52 622	1 299 865	1 352 487
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		416 410	21 147 243	21 563 653	90 594	16 297 684	16 388 278
5.6 Other pledged items		10 645 114	32 866 966	43 512 080	3 033 551	27 260 115	30 293 666
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10.355.438	36.798.199	47.153.637	953.498	24.205.966	25.159.464
TOTAL OFF BALANCE SHEET ITEMS (A+B)		25.054.265	102.060.288	127.114.553	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 YEAR ENDED 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Audited Current Period 1 January 2013 – 31 December 2013	Audited Prior Period 1 January 2012 – 31 December 2012
I. INTEREST INCOME	(1)	637.646	589.384
1.1 Interest on loans		394.579	334.970
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks		292	306
1.4 Interest received from money market placements		13.988	6.615
1.5 Interest received from marketable securities portfolio		228.348	246.299
1.5.1 Financial assets held for trading		346	1.279
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		228.002	237.327
1.5.4 Investments held-to-maturity		-	7.693
1.6 Finance lease income		306	1.066
1.7 Other interest income		133	128
II. INTEREST EXPENSES	(2)	(151.309)	(158.863)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(84.049)	(90.461)
2.3 Interest on money market borrowings		(67.213)	(68.285)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(47)	(117)
III. NET INTEREST INCOME (I - II)		486.337	430.521
IV. NET FEES AND COMMISSIONS INCOME		10.705	12.223
4.1 Fees and commissions received		11.668	13.242
4.1.1 Non-cash loans		7.407	10.115
4.1.2 Other		4.261	3.127
4.2 Fees and commissions paid		(963)	(1.019)
4.2.1 Non-cash loans		(3)	(3)
4.2.2 Other		(960)	(1.016)
V. DIVIDEND INCOME	(3)	30.315	27.711
VI. NET TRADING INCOME	(4)	(12.840)	280
6.1 Securities trading gains/ (losses)		3.625	(1.792)
6.2 Derivative financial instruments gains/losses		(8.554)	9.579
6.3 Foreign exchange gains/losses (net)		(7.911)	(7.507)
VII. OTHER OPERATING INCOME	(5)	7.805	18.707
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		522.322	489.442
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(48.238)	(34.175)
X. OTHER OPERATING EXPENSES (-)	(7)	(73.190)	(72.474)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		400.894	382.793
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)	400.894	382.793
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(74.837)	(75.529)
16.1 Provision for current income taxes		(55.093)	(94.286)
16.2 Provision for deferred taxes		(19.744)	18.757
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	326.057	307.264
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)	326.057	307.264
Earnings / (losses) per share		0.251	0.236

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Audited Current Period 1 January 2013– 31 December 2013	Audited Current Period 1 January 2012– 31 December 2012
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(152.615)	147.171
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	(6.734)	13.498
IX. DEFERRED TAX OF VALUATION DIFFERENCES	29.936	(28.053)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(129.413)	132.616
XI. CURRENT YEAR PROFIT/LOSS	326.057	307.264
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	6.423	(756)
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	319.634	308.020
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	196.644	439.880

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDER'S EQUITY										Revaluation									
	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 / Decrease	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates, Subs and Jointly Controlled Entities	Hedging Reserves	Surplus on Assets Held for sale and on Disc. Operations	Shareholders' Equity Before Non-controlling Interest	Non-controlling Interest	Total Shareholders' Equity
Prior Period – 31 December 2012																			
I.		890,000	374	-	-	95,361	47,510	140,375	2,920	-	255,342	(7,297)	31,174	-	-	-	1,365,759	-	1,365,759
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	132,616	-	-	-	-	132,616	-	132,616
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	(1,983)	-	3,983	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		300,000	-	-	-	-	-	(163,000)	-	-	(137,000)	-	-	-	-	-	-	-	-
XII.		300,000	-	-	-	-	-	(163,000)	-	-	(137,000)	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	175	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	307,264	-	-	-	-	-	-	175	-	175
XVIII.		-	-	-	-	27,515	12,767	23,598	-	-	(114,359)	-	-	-	-	307,264	307,264	-	307,264
II 1		-	-	-	-	-	-	-	-	-	(50,479)	-	-	-	-	-	(50,479)	-	(50,479)
II 2		-	-	-	-	27,515	12,767	23,598	-	-	(61,880)	-	-	-	-	-	(50,479)	-	(50,479)
II 3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing 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
Current Period – 31 December 2013																			
I.		1,100,000	374	-	-	122,876	60,277	1,148	2,920	-	307,264	125,319	35,157	-	-	-	1,755,335	-	1,755,335
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	(129,993)	-	-	-	-	(129,993)	-	(129,993)
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	(2,143)	-	(16,237)	-	-	-	-	-	-
VII.		-	-	-	-	-	-	28,379	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	(1)	200,000	-	-	-	-	-	(32,000)	-	-	(168,000)	-	-	-	-	-	-	-	-
XII.		200,000	-	-	-	-	-	(32,000)	-	-	(168,000)	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	580	-	-	-	-	-	-	-	580	-	580
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	376,057	-	-	-	-	-	-	376,057	-	376,057
XVIII.		-	-	-	-	33,392	15,364	21,070	-	-	(137,423)	-	-	-	-	-	(67,296)	-	(67,296)
II 1		-	-	-	-	-	-	-	-	-	(69,826)	-	-	-	-	-	(67,296)	-	(67,296)
II 2		-	-	-	-	33,392	15,364	21,070	-	-	-	-	-	-	-	-	-	-	-
II 3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		1,300,000	374	-	-	156,248	75,641	18,597	3,500	376,057	-	(4,673)	8,920	-	-	-	1,884,684	-	1,884,684

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Audited Current Period 31 December 2013	Audited Prior Period 31 December 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		566.364	209.782
1.1.1 Interest received		721.466	469.762
1.1.2 Interest paid		(148.727)	(161.536)
1.1.3 Dividends received		9.169	4.957
1.1.4 Fees and commissions received		11.668	13.242
1.1.5 Other income	(1)	7.555	28.286
1.1.6 Collections from previously written off loans		1.276	7.642
1.1.7 Payments to personnel and service suppliers		(55.486)	(46.084)
1.1.8 Taxes paid		(67.971)	(76.830)
1.1.9 Others	(1)	87.414	(29.657)
1.2 Changes in operating assets and liabilities		(187.889)	41.054
1.2.1 Net (increase) decrease in financial assets		832	58.779
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.4 Net (increase) decrease in loans		(1.496.002)	(983.284)
1.2.5 Net (increase) decrease in other assets	(1)	(227.717)	62.750
1.2.6 Net increase (decrease) in bank deposits		-	-
1.2.7 Net increase (decrease) in other deposits		-	-
1.2.8 Net increase (decrease) in funds borrowed		1.202.057	583.579
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	332.941	319.230
I. Net cash provided by/(used in) banking operations		378.475	250.836
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(298.720)	(199.655)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(2)	(120)	(420)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	(3)	-	-
2.3 Fixed asset purchases	(2)	(662)	(912)
2.4 Fixed asset sales	(3)	1.197	3.325
2.5 Cash paid for purchase of financial assets available for sale		(1.297.455)	(297.030)
2.6 Cash obtained from sale of financial assets available for sale		998.610	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities (*)		-	95.787
2.9 Others	(2)	(290)	(405)
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)	7.536	(2.820)
V. Net increase / (decrease) in cash and cash equivalents		19.995	(2.120)
VI. Cash and cash equivalents at beginning of the period	(4)	65.566	67.686
VII. Cash and cash equivalents at end of the period	(4)	85.561	65.566

(*) Prior period amount comprises of the 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.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Audited Current Period 31 December 2013 (*)	Audited Prior Period 31 December 2012
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	400.894	382.793
1.2 TAXES AND DUTIES PAYABLE	(74.837)	(75.529)
1.2.1 Corporate Tax (Income tax)	(55.093)	(94.286)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(19.744)	18.757
A. NET INCOME FOR THE YEAR (1.1-1.2)	326.057	307.264
1.3 PRIOR YEARS LOSSES (-)(*)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	15.363
1.5 OTHER STATUTORY RESERVES (-)	-	15.364
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	326.057	276.537
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	66.000
1.6.1 To owners of ordinary shares	-	66.000
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	6.253
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	1.043
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	162.000
1.9.1 To owners of ordinary shares	-	162.000
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (pre-emptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	18.029
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	21.070
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	2.142
II. DISTRIBUTION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (pre-emptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	326.057	307.264
3.2 TO OWNERS OF ORDINARY SHARES (%)	25,08	27,93
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	288.000
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	20,73
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*)Since the Board of Directors has not yet prepared any proposal for profit distribution relating to the year 2013, profit available for distribution for the year 2013 was presented only.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of financial statements:

As prescribed in the Article 37 of the Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency.

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

Additional paragraph for convenience translation to English

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

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward and option contracts and derivative instruments

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

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

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

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

IV. Explanations on interest income and expenses

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

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

V. Explanations on fees and commission income and expenses

Fees and commissions received from cash loans, that are not an integral part of the effective interest rate, and fees for various banking services are recorded as income when collected. Fees and commissions paid for the funds borrowed, which are not integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. As of 31 December 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 YEAR ENDED 31 DECEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets

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

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

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

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

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

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

Cash, Banks and Other Financial Institutions:

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

Marketable Securities:

The Bank classifies its marketable securities in 3 groups:

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

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

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

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

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

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

Explanations on investments in associates and subsidiaries:

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

Loans:

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

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

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

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

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

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

VII. Explanations on impairment on financial assets

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

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

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

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

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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 Official Gazette No. 28789 dated 8 October 2013 amending the “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, for the banks, of which the consumer loans exceed twenty five percent of total loans, general provision ratio is four percent for consumer loans which are followed under standard loans and receivables except housing loans; and is eight percent for the loans under close monitoring except housing loans. Since the consumer loans of the Bank are composed of personnel loans as of 31 December 2013 and do not exceed the ratios mentioned above, additional general loan loss provision has not been calculated. As mentioned in the regulations on the same date, Banks could apply general loan loss provision ratios is zero percent for cash and non-cash export loans which are followed standard loans; and is five per mille and one per mille for cash and non-cash loans respectively which is used to small and medium size enterprise. The Bank has started to calculate general loan loss provision thereby using in question ratios after published date of the regulations.

VIII. Explanations on offsetting of financial assets and liabilities

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

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

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

The repurchase agreements of the Bank are based on the Eurobonds 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	4-25	4-25
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 law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Bank. In retirement and involuntarily leaving, the Bank records the present value of the defined benefit obligation. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period. Actuarial gains and losses are accounted under Shareholder's Equity since 1 January 2013 in accordance with the Revised TAS 19.

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee benefits (continued)

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28277 dated 8 March 2012. It has been resolved that the transfer process has been extended two year with Council of Ministers' Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Minister Decree No:2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No:28636 and transfer need to be completed until 8 May 2014.

However, 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 2013 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 24 January 2014, as of 31 December 2013, 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 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 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 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 and Project Finance Management operations are included in the corporate banking operations. The corporate banking is serving financial solutions and banking services for its medium and large-scale corporate customers. Among the services given to corporate customers are; TL and foreign exchange operating loans, investment credits, project financing, letters of credit and letters of guarantees.

Operating income of investment banking are comprised of ; income that operations of Treasury, Corporate Finance, Research, Financial Institutions and Marketable Securities Managements. Under the investment banking activities, portfolio management for corporate and individual customers, marketable securities intermediary activities, cash flow management and all types of corporate finance services is provided.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXI. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	298.377	187.960	-	486.337
Net Fees and Commission Income	8.001	2.348	356	10.705
Other Income	7.614	-	38.135	45.749
Other Expense	(72.444)	(31.637)	(37.816)	(141.897)
Profit Before Tax	241.548	158.671	675	400.894
Tax Provision				(74.837)
Net Profit				326.057
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	9.176.760	3.359.522	87.849	12.624.131
Investment in Associates and Subsidiaries	-	-	287.026	287.026
Total Assets	9.176.760	3.359.522	374.875	12.911.157
Segment Liabilities	8.905.217	1.859.560	261.696	11.026.473
Shareholders' Equity	-	-	1.884.684	1.884.684
Total Liabilities	8.905.217	1.859.560	2.146.380	12.911.157

Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	242.277	188.244	-	430.521
Net Fees and Commission Income	10.185	1.751	287	12.223
Other Income	7.010	10.375	34.041	51.426
Other Expense	(58.668)	(23.464)	(29.245)	(111.377)
Profit Before Tax	200.804	176.906	5.083	382.793
Tax Provision				(75.529)
Net Profit				307.264
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

XXII. Explanations on other matters

As a result amendments to TAS 19 (2011) all actuarial differences are recognised in the statement of comprehensive income.

Prior to these amendments, all actuarial differences had been recognised in profit or loss. As the amendments do not have significant impact on the comparative financial statements for the year ended 31 December 2012, they have not been restated.

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SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated capital adequacy standard ratio

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

As of 31 December 2013, the Bank's capital adequacy ratio in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 18,15%.

Information related to the unconsolidated capital adequacy standard ratio

Current Period	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.334.350	633.468	2.348.062	-	8.955.146	13	35
Risk Types							
Contingent and Non-Contingent Claims on Sovereigns	2.334.314	-	368.699	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1.500	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	319	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	-	419.010	783.400	-	-	-	-
Contingent and Non-Contingent Claims on Corporates	-	214.139	777.505	-	8.483.099	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	418.458	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-	13	35
Securities Secured by Mortgage	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	106.009	-	-
Other Claims	36	-	-	-	364.538	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

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

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

Prior Period	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	2.275.521	136.510	1.598.550	14.025	7.316.578	8	8
Risk Types							
Contingent and Non-Contingent Claims on Sovereigns	2.270.481	-	345.062	-	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	2.436	-	-
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	-	136.510	1.252.410	-	83.638	-	-
Contingent and Non-Contingent Claims on Corporates	-	-	-	-	6.708.708	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	14.025	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	-	-	1.078	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	-	8	8
Securities Secured by Mortgage	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-
Short-Term Claims on Banks and Corporate Undertakings for Collective Investments in Transferable Securities	-	-	-	-	184.038	-	-
Other Claims	5.040	-	-	-	337.758	-	-

(*) 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)	820.477	652.296
Capital Requirement for Market Risk (CRMRR)	15.916	15.460
Capital Requirement for Operational Risk (CROR)	56.851	47.693
Shareholders' Equity	2.026.807	1.820.009
Shareholders' Equity/((CRCR+CRMRR+CROR) *12,5)*100	18,15	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	254.006	187.221
Inflation Adjustment on Legal Reserves, Statutory Reserves and Extraordinary	-	-
Profit	326.057	307.264
Current Period Profit	326.057	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 (-)	(111)	(198)
Intangible assets (-)	(645)	(618)
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total Core Capital	1.888.601	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 shareholders' equity (continued)

SUPPLEMENTARY CAPITAL	Current Period	Prior Period
General Loan Loss Provisions	104.331	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 (*)	42.400	53.040
45% of the Marketable Securities Value Increase Fund (**)	(8.169)	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	138.562	191.183
CAPITAL	2.027.163	1.820.383
DEDUCTIONS FROM THE CAPITAL	(356)	(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	(356)	(374)
Securitisation Positions Deducted from Equity Preferred	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	2.026.807	1.820.009

(*) According to BRSA's " Regulation on Equity of Banks", 40% amount of the Bank's Subordinated Loan is included in the calculation of supplementary capital if the maturity of the subordinated loan is less than 5 years.

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

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

The evaluation of the Bank's internal capital adequacy assessment in terms of current and future activities is carried out within the framework of the principles identified at Capital Adequacy Policy approved in the Board of Directors meeting held on 28 September 2012.

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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)

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

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

The Bank's internal assessment process is risk-oriented and future-oriented. Current and future capital requirements are analyzed in accordance with the Bank's strategic objectives and anticipated capital costs, target capital levels and capital resources are taken into account. Through the process of internal assessment, a general capital level and assessment are exhibited, the results and findings of the internal assessment process are taken into consideration in the process of assessment of the Bank's strategy and risk appetite.

Within the scope of the process, for the three-year period covering the years 2013-2015, the Bank's capital requirement and internal capital adequacy is evaluated, based on the the Bank's asset structure and risk profile, the expectations on macro-economic factors such as economic growth and foreign exchange rates, and stress scenarios, In this context, interest rate risk in the banking book, concentration risk for sectors, countries and economic groups within credit risk, liquidity risk and other risks including reputation risk, strategic risk, etc., as well as credit risk, market risk and operational risk which are contained in the calculation of the regulatory capital requirement, are included.

II. Explanations related to credit risk

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

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

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

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

In accordance with Communiqué on Reserves;

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

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

Current Period	Risk Amount (*)	Average Risk Amount (**)
Contingent and Non-Contingent Claims on Sovereigns	3.130.944	3.002.983
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	7.515	9.826
Contingent and Non-Contingent Claims on Multilateral Development Banks	1.593	133
Contingent and Non-Contingent Claims on International Organizations	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	2.843.332	2.233.527
Contingent and Non-Contingent Claims on Corporates	11.639.763	10.646.962
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	30.973
Contingent and Non-Contingent Claims Secured by Real Estate Property	418.458	135.809
Past Due Loans	-	-
Higher-Risk Categories Defined by Agency	48	26
Securities Secured by Mortgage	-	-
Securitization Exposures	-	-
Short-Term Claims on Banks and Corporate	-	-
Undertakings for Collective Investments in Transferable Securities	106.009	571.907
Other Claims	374.075	382.732

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

(**) Average risk amount are the arithmetical average of the amounts in monthly reports prepared starting from 1 January 2013 to the period end.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

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

Prior Period	Risk Amount (*)	Average Risk Amount (**)
Contingent and Non-Contingent Claims on Sovereigns	3.433.261	3.115.058
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	16.510	15.014
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	1.926.764	1.867.262
Contingent and Non-Contingent Claims on Corporates	9.069.882	9.220.852
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	84.076	70.628
Contingent and Non-Contingent Claims Secured by Real Estate Property	1.078	180
Past Due Loans	-	182
Higher-Risk Categories Defined by Agency	16	14
Securities Secured by Mortgage	-	-
Securitization Exposures	-	-
Short-Term Claims on Banks and Corporate	-	-
Undertakings for Collective Investments in Transferable Securities	307.590	541.399
Other Claims	342.798	328.404

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

(**) Average risk amount are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank (1 July 2012) to the period end.

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

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

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

The first 100 and 200 largest cash loans constitute 85,44% and 98,48% of the total cash loans portfolio of the Bank respectively (31 December 2012: 84,17% and 98,24%).

The first 100 and 200 largest non cash loans constitute 100% and 100% of the total non cash loans portfolio of the Bank respectively (31 December 2012: 100% and 100%).

The first 100 and 200 largest cash and non cash loans constitute 84,41% and 97,83% of the total on and off balance sheet accounts of the Bank respectively (31 December 2012: 83,32% and 97,59%).

The Bank calculated the general loan loss provision of TL 104.331 (31 December 2012: TL 83.714).

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Profile of Significant Exposures in Major Regions

Risk Types (*)																	
Current Period	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities	Other Claims	Total
Domestic	2 687 976	-	464	-	-	952 900	9 280 606	-	315 648	-	48	-	-	-	92 332	42 721	13 372 695
European Union (EU) Countries	-	-	-	319	-	164 428	-	-	-	-	-	-	-	-	-	2 957	167 704
OECD Countries (**)	-	-	-	-	-	1 708	-	-	-	-	-	-	-	-	-	-	1 708
Off-Shore Banking Regions	-	-	-	-	-	-	22 359	-	-	-	-	-	-	-	-	-	22 359
USA, Canada	-	-	-	-	-	49 900	-	-	-	-	-	-	-	-	-	-	49 900
Other Countries	-	-	-	-	-	33 473	49 145	-	-	-	-	-	-	-	-	-	82 618
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	122 631	-	102 810	-	-	-	-	-	13 677	292 975	532 093
Unallocated Assets/Liabilities(***)	15 037	-	1 036	-	-	1	2	-	-	-	-	-	-	-	-	25 921	41 997
Total	2 703 013	-	1 500	319	-	1 202 410	9 474 743	-	418 458	-	48	-	-	-	106 009	364 574	14 271 074

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Profile of Significant Exposures in Major Regions (continued)

	Risk Types (*)																
Prior Period	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities	Other Claims	Total
Domestic	2.615.543	-	2.436	-	-	1.193.383	6.708.707	14.009	1.078	-	16	-	-	-	81.676	24.104	10.640.952
European Union (EU) Countries	-	-	-	-	-	33.894	-	-	-	-	-	-	-	-	-	2.957	36.851
OECD Countries (**)	-	-	-	-	-	603	-	-	-	-	-	-	-	-	-	-	603
Off-Shore Banking Regions	-	-	-	-	-	83.638	-	-	-	-	-	-	-	-	-	-	83.638
USA, Canada	-	-	-	-	-	36.050	-	-	-	-	-	-	-	-	-	-	36.050
Other Countries	-	-	-	-	-	27.916	-	-	-	-	-	-	-	-	-	-	27.916
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	97.074	-	-	-	-	-	-	-	-	102.362	283.697	483.133
Unallocated Assets/Liabilities(***)	-	-	-	-	-	-	1	16	-	-	-	-	-	-	-	32.040	32.057
Total	2.615.543	-	2.436	-	-	1.472.558	6.708.708	14.025	1.078	-	16	-	-	-	184.038	342.798	11.341.200

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Risk profile by sectors or counterparties

Current Period	Risk Types (*)															TL	FC	Total	
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher-Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities				Other Claims
Agriculture	-	-	-	-	-	-	-	5,324	-	-	-	-	-	-	-	606	3,276	2,654	5,930
Farming and Stockbreeding	-	-	-	-	-	-	-	5,324	-	-	-	-	-	-	-	262	2,932	2,654	5,586
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	344	-	344
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	6,575,103	-	1,745	-	-	-	-	-	1,017	561,334	6,025,749	6,587,083
Mining and Quarrying	-	-	-	-	-	-	-	-	79,834	-	-	-	-	-	-	-	-	79,834	79,834
Production	-	-	-	-	-	-	-	2,240,058	1,745	-	-	-	-	-	-	1,017	321,756	1,922,319	2,244,075
Electricity, Gas and Water	-	-	-	-	-	-	-	4,255,211	7,963	-	-	-	-	-	-	-	239,578	4,023,596	4,263,174
Construction	-	-	-	-	-	-	-	121,744	-	2,130	-	-	-	-	-	-	29,246	94,628	123,874
Services	358,870	-	6	319	-	1,193,191	2,664,061	-	454,583	-	-	-	-	-	-	106,009	330,390	3,756,552	5,067,429
Wholesale and Retail Trade	-	-	-	-	-	-	28,714	-	-	-	-	-	-	-	-	-	9,600	19,114	28,714
Accommodation and Dining	-	-	-	-	-	-	282,532	-	3,532	-	-	-	-	-	-	-	-	286,064	286,064
Transportation and Telecommunication	-	-	-	-	-	-	588,683	-	-	-	-	-	-	-	-	1,355	1,355	590,633	591,988
Financial Institutions	358,870	-	6	319	-	1,191,241	1,016,657	-	102,810	-	-	-	-	-	-	106,009	328,423	1,846,580	3,104,335
Real Estate and Rental Services	-	-	-	-	-	-	354,683	-	302,197	-	-	-	-	-	-	-	11,768	645,112	656,880
Professional Services	-	-	-	-	-	-	315,618	-	-	-	-	-	-	-	-	612	30,399	285,831	316,230
Educational Services	-	-	-	-	-	-	7,775	-	6,044	-	-	-	-	-	-	-	-	13,819	13,819
Health and Social Services	-	-	-	-	-	-	69,399	-	-	-	-	-	-	-	-	-	-	69,399	69,399
Others	2,344,143	-	1,494	-	-	-	108,511	-	-	-	48	-	-	-	-	32,561	2,046,832	439,926	2,486,758
total	2,703,013	-	1,500	319	-	1,202,410	9,474,743	-	418,458	-	48	-	-	-	-	106,009	3,951,565	10,319,509	14,271,074

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to credit risk (continued)

Risk profile by sectors or counterparties (continued)

Prior Period	Risk Types (*)																FC	Total
	Contingent and Non-Contingent Claims on Sovereigns	Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	Contingent and Non-Contingent Claims on Multilateral Development Banks	Contingent and Non-Contingent Claims on International Organizations	Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	Contingent and Non-Contingent Claims on Corporates	Contingent and Non-Contingent Claims in the Regulatory Real Estate Portfolios	Contingent and Non-Contingent Claims Secured by Residential Property	Past Due Loans	Higher Risk Categories Defined by Agency	Securities Secured by Mortgage	Securitization Exposures	Short-Term Claims on Banks and Corporate	Undertakings for Collective Investments in Transferable Securities	Other Claims		
Agriculture	-	-	-	-	-	-	12 024	-	-	-	-	-	629	6 297	6 356	12 653		
Farming and Stockbreeding	-	-	-	-	-	-	12 024	-	-	-	-	-	267	5 935	6 356	12 291		
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	362	-	-	362	
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Manufacturing	-	-	-	-	-	-	4 974 206	-	-	-	-	-	2 486	263 920	4 736 276	5 000 196		
Mining and Quarrying	-	-	-	-	-	-	41 880	-	-	-	-	-	-	-	41 880	41 880		
Production	-	-	-	-	-	-	1 947 947	-	-	-	-	-	1 194	179 228	1 777 948	1 957 176		
Electricity, Gas and Water	-	-	-	-	-	-	2 984 379	-	-	-	-	-	1 292	84 692	2 916 448	3 001 140		
Construction	-	-	-	-	-	-	153 518	-	-	-	-	-	-	17 553	135 965	153 518		
Services	145 973	-	2 211	-	-	1 449 038	1 564 538	-	1 078	-	-	-	307 643	716 604	2 937 915	3 654 519		
Wholesale and Retail Trade	-	-	-	-	-	-	353 824	-	-	-	-	-	-	41 118	312 706	353 824		
Accommodation and Dining	-	-	-	-	-	-	207 941	-	-	-	-	-	-	-	209 178	209 178		
Transportation and Telecommunication	-	-	-	-	-	-	417 803	-	-	-	-	-	1 235	1 355	417 683	419 038		
Financial Institutions	145 973	-	2 211	-	-	1 447 801	1 995	-	-	-	-	-	305 796	650 842	1 436 972	2 087 814		
Real Estate and Rental Services	-	-	-	-	-	-	385 195	-	-	-	-	-	-	-	371 082	385 195		
Professional Services	-	-	-	-	-	-	152 732	-	-	-	-	-	612	9 176	144 168	153 344		
Educational Services	-	-	-	-	-	-	12 419	-	-	-	-	-	-	-	12 419	12 419		
Health and Social Services	-	-	-	-	-	-	32 629	-	1 078	-	-	-	-	-	-	33 707		
Others	2 469 570	-	225	-	-	16	4 422	14 025	-	-	16	-	32 040	2 163 559	356 755	2 520 314		
Total	2 615 543	-	2 436	-	-	1 472 558	6 708 708	14 025	1 078	-	16	-	3 167 933	8 173 267	11 341 200			

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

Analysis of maturity-bearing exposures according to remaining maturities

Risk Types	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Contingent and Non-Contingent Claims on Sovereigns	292 004	271 469	143 993	337 475	1 552 916
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	1 036	-	-	-	458
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	319
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	348 473	15 614	87 541	168 521	494 938
Contingent and Non-Contingent Claims on Corporates	345 561	47 103	152 993	546 069	8 369 630
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	89	2 498	415 871
Past Due Loans	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	12	-	35
Securities Secured by Mortgage	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Claims on Banks and Corporate Undertakings for Collective Investments in Transferable Securities	-	-	-	-	105 663
Other Claims	7 745	-	-	-	-
Total	994.819	334.186	384.628	1.054.563	10.939.830

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

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

Risk Types	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Prior Period					
Contingent and Non-Contingent Claims on Sovereigns	247.470	59.518	152.402	165.100	1.963.716
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	65	-	-	-	2.367
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	77.534	22.434	54.265	47.073	1.215.074
Contingent and Non-Contingent Claims on Corporates	63.766	102.502	82.847	232.852	6.205.047
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	10.748	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	-	-	-	1.078	-
Past Due Loans	-	-	-	-	-
Higher-Risk Categories Defined by Agency	-	-	-	-	16
Securities Secured by Mortgage	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	4.276	-	10	-	179.547
Other Claims	-	-	-	-	-
Total	403.859	184.454	289.524	446.103	9.565.767

Information on Risk Types

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

Information on Risk Types (continued)

In determination of risk weights for exposures used in the capital adequacy calculation of the Bank, ratings given by Fitch Ratings Rating Agency are used. Fitch Ratings' as per the credit quality grades and the risk weights according to exposure categories are presented below:

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

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

Information on Risk Types (continued)

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

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

Exposures by risk weights

Current Period										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deducted from Equity
Exposures Before Credit Risk Mitigation (*)	2.553.773	-	1.894.400	1.961.615	-	9.432.919	13	35	-	1.112
Exposures After Credit Risk Mitigation	2.334.350	-	633.468	2.348.062	-	8.955.146	13	35	-	1.112

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

Exposures by risk weights (continued)

Prior Period										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deducted from Equity
Exposures Before Credit Risk Mitigation (*)	3 093.231	-	295 071	1 572 716	64 270	7 520 814	8	8	-	1.190
Exposures After Credit Risk Mitigation	2.275.521	-	136 510	1 598 550	14 025	7 316 578	8	8	-	1.190

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

Information of major sectors or type of counterparties

Current Period	Loans		Value Adjustments	Provisions
Major Sectors / Counterparties	Impaired Loans	Past Due Loans		
Agriculture	3.432	-	-	(3.432)
Farming and Stockbreeding	3.432	-	-	(3.432)
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	26.941	-	-	(26.941)
Mining and Quarrying	191	-	-	(191)
Production	9.512	-	-	(9.512)
Electricity, Gas and Water	17.238	-	-	(17.238)
Construction	516	-	-	(516)
Services	5.364	-	-	(5.364)
Wholesale and Retail Trade	-	-	-	-
Accommodation and Dining	-	-	-	-
Transportation and Telecommunication	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	5.364	-	-	(5.364)
Others	-	-	-	-
Total	36.253	-	-	(36.253)

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

Information of major sectors or type of counterparties (continued)

Prior Period	Loans			
Major Sectors / Counterparties	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
Agriculture	3.422	-	-	(3.422)
Farming and Stockbreeding	3.422	-	-	(3.422)
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	4.523	985	10	(4.523)
Mining and Quarrying	191	-	-	(191)
Production	4.332	-	-	(4.332)
Electricity, Gas and Water	-	985	10	-
Construction	513	-	-	(513)
Services	5.317	-	-	(5.317)
Wholesale and Retail Trade	-	-	-	-
Accommodation and Dining	-	-	-	-
Transportation and Telecommunication	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	5.317	-	-	(5.317)
Others	-	-	-	-
Total	13.775	985	10	(13.775)

Information related with value adjustments and loan loss provisions

Current Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Specific Provisions	13.775	23.754	1.276	-	36.253
General Loan Loss Provision	83.714	20.617	-	-	104.331

Prior Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Specific Provisions	25.673	187	12.085	-	13.775
General Loan Loss Provision	64.564	19.150	-	-	83.714

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

Cash credit quality per class of financial assets as of 31 December 2013 is as follows;

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	9.172.242	-	9.172.242
Corporate Loans	7.488.057	-	7.488.057
Loans to SME	1.684.011	-	1.684.011
Consumer Loans	174	-	174
Other	-	-	-
Receivables from Leasing Transactions	4.518	-	4.518
Total	9.176.760	-	9.176.760

Cash credit quality per class of financial assets as of 31 December 2012 is as follows:

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	6.884.609	985	6.885.594
Corporate Loans	5.267.351	-	5.267.351
Loans to SME	1.613.950	985	1.614.935
Consumer Loans	168	-	168
Other	3.140	-	3.140
Receivables from Leasing Transactions	9.432	-	9.432
Total	6.894.041	985	6.895.026

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

Basic Loan Quality Categories	Current Period	Prior Period
Top Grade	325.050	410.632
High Grade	3.639.660	2.979.278
Average Grade	4.551.900	3.254.586
Below Average Grade	1.681.207	1.444.957
Impaired	40.483	13.775
Total	10.238.300	8.103.228

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

As of the reporting date, the total of the Bank's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TL 10.666.433; and TL 428.133 of these customers have not been rated (31 December 2012: TL 8.121.358; TL 18.130).

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

II. Explanations related to credit risk (continued)

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	222.718	129.753
Corporate Loans	132.731	125.428
Loans to SME	89.987	3.330
Consumer Loans	-	-
Other	-	995
Total	222.718	129.753

III. Explanations related to the market risk

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

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

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to the market risk

The market risk table is as follows:

1.a Information related to the market risk

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	7.213	4.269
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	3	56
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	4.589	9.446
(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	-	-
(VII) Counterparty credit risk capital requirement - Standard method	4.111	1.689
(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	15.916	15.460
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	198.950	193.250

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

	Current Period			Prior Period (*)		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	6.000	7.484	4.697	4.509	4.845	4.272
Common Stock Risk	77	195	-	28	53	20
Currency Risk	5.174	8.019	1.714	7.763	9.446	6.438
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	353	857	-	492	2.710	-
Counterparty Credit Risk	2.414	4.111	1.894	2.710	3.314	1.689
Total Value At Risk	14.018	20.666	8.305	15.502	20.368	12.419

(*)Risk information given above includes the period between July – December 2012 and represents the amounts calculated under the “Regulation on Measurement and Assessment of the Capital Adequacy of the Banks” published on 28 June 2012.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

III. Explanations related to the market risk (continued)

2. Explanation related to counter party risk

The Bank gives long term, medium term and short term loans within principles and limits determined by the Board of Directors according to the Banking Law. Loan transactions includes all manner of lending type about financing investments and need to working capital of firms, domestic and foreign loan participation from primary and secondary market, underwriting to purchase and sell of bond and legal instruments that will issued, provide APEX loan facilities to banks and financial institutions by leasing, treasury derivative transaction within limits assigned to firms, export-import transactions, treasury, money and capital market and derivative transaction within limits in countenance of financial institutions (Counterparties).

Project guarantee, mortgage, personnel guarantee, company guarantee, cheques and notes, cash blockage, stock and security pledges could be taken on Treasury, Money and Capital Market and Derivative transaction within limits in countenance of non-financial institutions (Counterparties). On Treasury, Money and Capital Market transaction within limits in countenance of financial institutions (Counterparties) guarantee is not taken and on derivative transactions collateral netting is applied for the firms that signed CSA agreements based on daily derivative valuation. The provision is reserved in accordance with "Substance of the Procedures and Principles Related to Determination of Loans and Other Receivables by the Banks and Allocation of Provision for Those" and international practices.

Quantitative information related to counterparty risk

	Current Period	Prior Period
Interest Rate Contracts	18.440	22.318
Foreign Exchange Rate Contracts	45.296	14.020
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Values	63.736	36.338
Net-off Benefits	-	-
Net-off Current Risk Amount	63.736	36.338
Collaterals Received	1.166	8.112
Net Derivative Position	62.570	28.226

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

III. Explanations related to the market risk (continued)

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

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

Other price risks

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

Equity shares price sensitivity

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

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

The Bank classifies its equity investments both as held for trading and available for sale investments. Therefore, the net profit/loss is not affected as long as the Bank does not sell its equity investments classified as available for sale investments. According to the analysis results under these assumptions; profit/loss will increase/decrease by TL 3.003 (2012: TL 4.157 increase/decrease). In current period, there is no stock classified in trading book of the Bank (2012: None).

IV. Explanations related to operational risk

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

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

	31 December 2010	31 December 2011	31 December 2012	Total/No. of years of positive gross	Rate (%)	Total
Gross Income	313.666	373.412	449.943	379.007	15	56.851
Value at Operational Risk (Total*12,5)						710.638

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

V. Explanations related to currency risk

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

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

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

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

	1 USD	1 Euro
A. Bank "Foreign Exchange Valuation Rate"		
31 December 2013	2,1200	2,9226
Prior Five Workdays:		
30 December 2013	2,1300	2,9256
27 December 2013	2,0950	2,8827
26 December 2013	2,0750	2,8394
25 December 2013	2,0650	2,8241
24 December 2013	2,0800	2,8463

Simple arithmetic thirty-day averages of the USD and EURO buying rates of the Bank before the reporting date are TL 2,0422 and 2,7971; 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, Precious Metals) and Balances with the Central Bank of Turkey	142.103	160.761	-	302.864
Banks	2.210	3.445	1.247	6.902
Financial Assets at Fair Value Through Profit and Loss (*)	15.397	16.265	-	31.662
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	32.845	345.221	-	378.066
Loans (**)	3.636.261	4.952.796	-	8.589.057
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 (***)	4.518	45.474	-	49.992
Total Assets	3.833.334	5.523.962	1.247	9.358.543
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	6.845	239.386	-	246.231
Funds Provided From Other Financial Institutions	4.132.635	4.976.379	-	9.109.014
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	1.432	3.431	3	4.866
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (****)	18.520	20.702	-	39.222
Total Liabilities	4.159.432	5.239.898	3	9.399.333
Net Balance Sheet Position	(326.098)	284.064	1.244	(40.790)
Net Off-Balance Sheet Position	301.868	(287.450)	2	14.420
Financial Derivative Assets	505.645	308.449	14.559	828.653
Financial Derivative Liabilities	(203.777)	(595.899)	(14.557)	(814.233)
Non-Cash Loans (*****)	223.885	722.887	727	947.499
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 2 370 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**)Loans extended include TL 1.735.152 foreign currency indexed loans.

(***)Prepaid expenses amounting to TL 147 have not been included in "Other Assets".

(****) Marketable securities valuation increase fund amounting to TL 15 648 and exchange rate differences arising from derivative transactions amounting to TL 1.158 have not been included in "Other Liabilities". Borrower funds amounting TL 5.008 based on foreign currencies have been included in "Other Liabilities".

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

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

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

	Increase in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity(**)	
		Current Period	Prior Period	Current Period	Prior Period
USD	10	(1.757)	6.323	1.419	3.792
Euro	10	(2.569)	(1.600)	146	101
Other	10	125	133	-	-

	Increase in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity(**)	
		Current Period	Prior Period	Current Period	Prior Period
USD	10	1.757	(6.323)	(1.419)	(3.792)
Euro	10	2.569	1.600	(146)	(101)
Other	10	(125)	(133)	-	-

(*) Values expressed are before the tax effect.

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

Forward foreign exchange contracts

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

VI. Explanations related to interest rate risk

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

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

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

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

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

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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 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	344.969	344.969
Banks	-	-	-	-	-	7.320	7.320
Financial Assets at Fair Value Through Profit and Loss	1.478	4.451	14.937	18.124	1.697	-	40.687
Money Market Placements	50	-	-	-	-	-	50
Available-for-Sale Financial Assets	995.066	721.674	474.783	530.712	199.794	44.467	2.966.496
Loans	1.643.650	3.460.688	3.517.943	519.443	30.518	-	9.172.242
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	23	4.495	-	-	-	374.875	379.393
Total Assets	2.640.267	4.191.308	4.007.663	1.068.279	232.009	771.631	12.911.157
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.563.070	-	45.955	-	-	-	1.609.025
Miscellaneous Payables	-	-	-	-	-	77.643	77.643
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.945.183	3.208.851	2.189.507	226.919	538.554	-	9.109.014
Other Liabilities (***)	7.278	3.323	12.895	22.802	440	2.068.737	2.115.475
Total Liabilities	4.515.531	3.212.174	2.248.357	249.721	538.994	2.146.380	12.911.157
Balance Sheet Long Position	-	979.134	1.759.306	818.558	-	-	3.556.998
Balance Sheet Short Position	(1.875.264)	-	-	-	(306.985)	(1.374.749)	(3.556.998)
Off-Balance Sheet Long Position	129.729	91.355	19.288	-	39.418	-	279.790
Off-Balance Sheet Short Position	-	-	-	(279.007)	-	-	(279.007)
Total Position	(1.745.535)	1.070.489	1.778.594	539.551	(267.567)	(1.374.749)	783

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

(**) Finance lease receivables amounting to TL 4.518 are presented in "Other Assets" on the basis of related maturities.

(***) Borrower funds amounting to TL 5.954 are presented in "Other Liabilities" within 1-month maturity column.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

VI. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	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	-	-	-	9,00
Available-for-Sale Financial Assets	5,45	6,73	-	9,51
Loans	3,78	4,16	-	9,27
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,51	0,88	-	6,57
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	0,50	0,50	-	4,00
Funds Provided From Other Financial Institutions	0,87	1,08	-	-

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(Continued)

VI. Explanations related to interest rate risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	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, entities under common control, deferred tax asset, investment property, tangible and intangible assets, other assets and shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.

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

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

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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, Payables to Loans, Subordinated Debts and Other Debts which are monitored in banking book accounts in liabilities. All derivative instruments are recorded in trading book accounts. In this nature, FR400AS in the mandatory report list of BRSA is prepared and reported monthly.

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

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

V. Explanations related to interest rate risk (continued)

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

Prior Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Sharehold- ers' Equity
Currency			
TL	+500 / (400) basis point	(44.237) / 39.488	(2,4%) / 2,2%
Euro	+200 / (200) basis point	7.213 / (10.657)	0,4% / (0,6%)
US Dollar	+200 / (200) basis point	(55.064) / 44.673	(3,0%) / 2,5%
Total (for Negative Shocks)		73.504	4,1%
Total (for Positive Shocks)		(92.088)	(5,0%)

Interest rate sensitivity

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

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

The Bank's interest rate sensitivity is calculated according to the market risk related to assets and liabilities. In this context, at the reporting date, if interest rates had been 1 bp higher for TL and foreign currency and all other variables were held constant, the net decrease on the profit and shareholders' equity would have been TL 2.828 and if interest rates had been 1 bp lower for TL and foreign currencies, the net increase on the profit and shareholders' equity change would have been TL (1.758).

The Bank's available for sale portfolio in the current period increased approximately by 7% compared to prior period and the market value increased approximately by 3%. In addition to this, foreign exchange assets in the Bank's portfolio are approximately 13% of the portfolio in the current period while this ratio was 16% in the prior period in terms of fair value.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to stock position risk

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

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

Equity shares risk due from banking book

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

Current Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	225.301	-	225.301
Quoted	225.301	-	225.301

Prior Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	226.980	-	226.980
Quoted	226.980	-	226.980

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

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	(512)	-	-	(13.073)	-	(5.883)
Other Share Certificates	-	-	-	-	-	-
Total	(512)	-	-	(13.073)	-	(5.883)

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to stock position risk (continued)

Equity shares risk due from banking book (continued)

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Supplementary Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	(1.291)	-	-	(3.408)	-	(3.498)
Other Share Certificates	-	-	-	-	-	-
Total	(1.291)	-	-	(3.408)	-	(3.498)

VIII. Explanations related to the liquidity risk

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

For the purpose of meeting the liquidity requirement, the Bank chooses one of the three or more of the following; disposing liquid assets, increasing short-term borrowing, decreasing illiquid assets or increasing capital. The Bank's liquidity management is implemented by meeting all the obligations on time considering the Bank's reputation. The cash flow projections and the fund requirement predictions are made by using adverse scenarios to determine liquidity risk under urgent and unexpected circumstances. As seen on interest rate risk tables, the difference in interest rates of assets and liabilities is in favour of the assets. Such mismatch positively affects the profitability and is checked by the Bank Management with regular reports.

The Bank meets its short term liquidity requirements with repurchase agreements and inter-bank money market operations. The Bank may also use its available for sale portfolio for urgent liquidity requirement. The Bank meets its long term liquidity needs from the international institutions through borrowings. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. For the purposes of monitoring and assessing the liquidity position of the Bank's assets and liabilities, the liquidity rate is weekly calculated. The ratio during the year 2012 and 2013 are as follows:

	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
Current Period	FC	FC + TL	FC	FC + TL
Average (%)	109,06	140,86	112,67	138,53
Prior Period	FC	FC + TL	FC	FC + TL
Average (%)	120,33	165,47	117,90	154,16

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations related to the liquidity risk (continued)

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	78.190	250.283	-	16.496	-	-	-	344.969
Banks	7.320	-	-	-	-	-	-	7.320
Financial Assets at Fair Value Through Profit and Loss	-	1.478	4.451	12.020	19.178	3.560	-	40.687
Money Market Placements	-	50	-	-	-	-	-	50
Financial Assets Available-for-Sale	-	111.624	291.689	676.121	1.035.075	807.520	44.467	2.966.496
Loans	-	516.400	229.301	1.568.170	4.845.899	2.012.472	-	9.172.242
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	23	3.075	1.420	-	-	374.875	379.393
Total Assets	85.510	879.858	528.516	2.274.227	5.900.152	2.823.552	419.342	12.911.157
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	331.524	143.183	845.424	3.428.441	4.360.442	-	9.109.014
Money Market Borrowings	-	1.563.070	-	45.955	-	-	-	1.609.025
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	77.643	77.643
Other Liabilities (***)	-	7.278	3.323	12.859	22.802	476	2.068.737	2.115.475
Total Liabilities	-	1.901.872	146.506	904.238	3.451.243	4.360.918	2.146.380	12.911.157
Liquidity Gap	85.510	(1.022.014)	382.010	1.369.989	2.448.909	(1.537.366)	(1.727.038)	-
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, entities under common control, office supply inventory, prepaid expenses and non-performing loans are classified under "Undistributed" column.

(**)Finance lease receivables amounting to TL 4.518 are presented in "Other Assets" on the basis of related maturities.

(***)Borrower funds amounting to TL 5.954 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)

VIII. Explanations related to the liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	339.467	150.817	908.751	3.671.326	4.578.239	(539.586)	9.109.014
Money Market Borrowings	1.563.661	-	46.665	-	-	(1.301)	1.609.025
Funds	5.954	-	-	-	-	-	5.954
Total	1.909.082	150.817	955.416	3.671.326	4.578.239	(540.887)	10.723.993

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	157.736	120.422	746.197	2.783.705	3.813.363	(647.634)	6.973.789
Money Market Borrowings	1.252.860	2.168	779	-	-	(1.170)	1.254.637
Funds	9.745	-	-	-	-	-	9.745
Total	1.420.341	122.590	746.976	2.783.705	3.813.363	(648.804)	8.238.171

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contracts	629.600	86.005	194.122	2.074.156	473.557	3.498	3.460.938
Forward Contracts	7.968	13.308	139.141	-	-	-	160.417
Futures Transactions	-	-	-	-	-	-	-
Options	135.566	130.116	301.372	237.706	-	-	804.760
Other	-	-	-	-	-	-	-
Total	773.134	229.429	634.635	2.311.862	473.557	3.498	4.426.115
Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contracts	622.306	52.367	27.067	1.010.853	587.097	3.366	2.303.056
Forward Contracts	144.684	57.219	273.614	-	-	-	475.517
Futures Transactions	-	-	-	-	-	-	-
Options	61.286	27.678	30.726	31.199	-	-	150.889
Other	-	-	-	-	-	-	-
Total	828.276	137.264	331.407	1.042.052	587.097	3.366	2.929.462

IX. Explanations related to securitization positions

None.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations related to credit risk mitigation techniques

Offsetting is not used as a credit risk mitigation technique. In assessments within the scope of credit risk mitigation techniques, using methods in regard to valuation and management of collaterals are realized in parallel with communiqué relating to Credit Risk Mitigation Techniques. Financial collaterals are evaluated on a daily basis in the Bank. Depending on the comprehensive financial collateral approach, risk mitigating effects of the collaterals are considered through the standard volatility adjustments. Value of the real estates subject to the collateral is determined at least once a year for commercial real estates and determined at least triennially for residential real estates. In the cases that significant changes in market conditions appear, the review is carried out at more frequent intervals. Within the communiqué, as a matter of credit risk mitigation techniques, only residences and commercial real estates (Warehouse, School, Hospital, Office and Store) which are not used for production purposes and can provide rental income are taken into consideration. In addition, land, field and orchard lands are also considered within same concept. Value of the real estates is assessed by the real estate appraisal companies, which are included in the list to provide valuation service by the CMB. Within the credit risk mitigation techniques, major collaterals that can be used by the Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, and Stock Pledges), guarantees and mortgages. As of 31 December 2012, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used.

Collaterals Which are Grouped According to Risk Types

Current Period				
Risk Types	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	3.130.944	221.426	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	7.515	40	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	1.593	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	2.843.332	1.330.327	-	-
Contingent and Non-Contingent Claims on Corporates	11.639.763	40.185	-	11.168
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	418.458	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	48	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	106.009	-	-	-
Other Claims	374.075	9.899	-	-
Total	18.521.737	1.601.877	-	11.168

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Collaterals Which are Grouped According to Risk Types (continued)

Prior Period	Amount (*)	Financial Collaterals	Other / Physical Collaterals	Guarantees and credit derivatives
Risk Types				
Contingent and Non-Contingent Claims on Sovereigns	3.433.261	830.423	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-Commercial Enterprises	16.510	4.632	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	1.926.764	166.497	-	-
Contingent and Non-Contingent Claims on Corporates	9.069.882	72.395	-	24.756
Contingent and Non-Contingent Claims Included in the Regulatory Real Estate Portfolios	84.076	51.367	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	1.078	-	1.078	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	16	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	307.590	104.934	-	-
Other Claims	342.798	-	-	-
Total	15.181.975	1.230.248	1.078	24.756

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

Main Guarantors and credit worthiness of the main guarantors

Main Guarantors (*)	Fitch Rating
Alternatif Bank A.Ş.	BBB
Bank Pozitif Kredi Ve Kalkınma Bankası A.Ş.	BBB-
Denizbank A.Ş.	BBB-
Şekerbank T.A.Ş.	BB-
T. İş Bankası A.Ş.	BBB
T.Garanti Bankası A.Ş.	BBB
T.C. Ziraat Bankası A.Ş.	BBB-
Tekstil Bankası A.Ş.	B+
Yapı Ve Kredi Bankası A.Ş.	BBB

(*) Guarantors that used of risk mitigation effect within capital adequacy calculation at 31 December 2013 period.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT
(Continued)

XI. Explanations related to risk management objective and policies

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

The Board of Directors of the Bank determine and regularly review the risk level that the Bank is willing to bear to achieve its objectives, considering the risk capacity of 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 objective and policies (continued)

Credit risk management policy

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

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

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

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

Market risk management policy and currency risk management policy

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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

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

Operational risk management policy

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

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

Liquidity risk management policy

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	12.150.626	9.813.100	12.298.041	9.868.608
Money Market Placements	50	-	50	-
Banks	7.320	37.571	7.320	37.571
Available-For-Sale Financial Assets	2.966.496	2.880.503	2.966.496	2.880.503
Held-To-Maturity Investments	-	-	-	-
Loans (*)	9.176.760	6.895.026	9.324.175	6.950.534
Financial Liabilities	10.801.636	7.072.467	10.801.636	7.072.467
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Provided From Other Financial Institutions	10.723.993	6.973.789	10.723.993	6.973.789
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	77.643	98.678	77.643	98.678

(*)Loans include financial lease receivables.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

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

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

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

Current Period	Level I	Level II	Level III
Financial Assets			
Financial Assets held for Trading	-	40.687	-
Financial Assets Available For Sale	2.129.210	807.834	29.452
Associates and Subsidiaries	210.286	-	76.740
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	40.784	-

Prior Period	Level I	Level II	Level III
Financial Assets			
Financial Assets held for Trading	854	23.243	-
Financial Assets Available For Sale	2.204.158	660.362	15.983
Associates and Subsidiaries	206.195	-	71.400
Financial Liabilities			
Derivative Financial Liabilities Held For Trading	-	20.829	-

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	36	-	84	113
Balances with the Central Bank of Turkey	42.069	302.864	25.328	107.088
Other	-	-	-	-
Total	42.105	302.864	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	42.069	36.086	25.328	2.470
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	266.778	-	104.618
Total	42.069	302.864	25.328	107.088

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

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

As per the “Communiqué on Amendments to be Made on Communiqué on Required Reserves” of Central Bank of Turkey, nr. 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at Central Bank of Turkey based on rates mentioned below. Reserve rates prevailing at 31 December 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	2.678	118	1.792	1.188
Swap Transactions	3.977	11.712	4.351	15.479
Futures Transactions	-	-	-	-
Options	-	22.202	-	433
Other	-	-	-	-
Total	6.655	34.032	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
Banks				
Domestic	418	1.339	2.545	1.111
Foreign	-	5.563	-	33.915
Branches and head office abroad	-	-	-	-
Total	418	6.902	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:**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	1.912	2.839	-	-
USA and Canada	2.523	30.950	-	-
OECD Countries(*)	1.128	126	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	5.563	33.915	-	-

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

4. Information on financial assets available-for-sale

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1.497.803	-	1.021.262	-
Treasury bills	-	-	-	-
Other debt securities	-	243.128	-	293.720
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.497.803	243.128	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 154.631 (31 December 2012: TL 463.362).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	154.631	-	463.362	-
Other	-	-	-	-
Total	154.631	-	463.362	-

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

Available for sale financial assets comprise government bonds 67,30%, Eurobonds 11,22% and shares and other securities 21,48% (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	2.930.864	2.846.275
Quoted on a stock exchange	2.553.421	2.396.908
Unquoted	377.443	449.367
Share certificates	59.734	47.724
Quoted on a stock exchange	17.245	22.950
Unquoted	42.489	24.774
Other Impairment provision(-)	(24.102)	(13.496)
Total	2.966.496	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	112.840	117.413	107.017	117.413
Corporate shareholders	112.840	117.413	107.017	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	174	-	168	-
Total	113.014	117.413	107.185	117.413

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

Current Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
Cash Loans		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Non-specialized loans	9.038.691	116.143	-	133.551	106.575	-
Corporation loans	2.489.462	-	-	6.032	6.032	-
Export loans	148.074	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.297.796	-	-	-	-	-
Consumer loans	174	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other (*)	5.103.185	116.143	-	127.519	100.543	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	9.038.691	116.143	-	133.551	106.575	-

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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) (*):

Prior Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Cash Loans						
Non-specialized loans	6.856.623	102.158	-	28.971	-	-
Corporation loans	1.765.771	-	-	11.418	-	-
Export loans	112.795	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	845.855	-	-	-	-	-
Consumer loans	168	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other (*)	4.132.034	102.158	-	17.553	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	6.856.623	102.158	-	28.971	-	-

(*) The Bank's finance lease receivables are TL 9.432 and TL 995 of the finance lease receivables are closely monitored.

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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):

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

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	102.158	-
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	89.987
1-2 Years	-	-
2-5 Years	36.896	-
5 Years	79.247	16.588

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	-
1-2 Years	-	-
2-5 Years	31.991	-
5 Years	70.167	-

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.c Loans according to their maturity structure:

Current Period	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Restructured or Rescheduled	Loans and Other Receivables (Total)	Restructured or Rescheduled
Short-term loans and other receivables	646.817	-	-	-
Non-specialized loans	646.817	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	8.391.874	116.143	133.551	106.575
Non-specialized loans	8.391.874	116.143	133.551	106.575
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

Prior Period	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Restructured or Rescheduled	Loans and Other Receivables (Total)	Restructured or Rescheduled
Short-term loans and other receivables	298.533	-	6.330	-
Non-specialized loans	298.533	-	6.330	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	6.558.090	102.158	22.641	-
Non-specialized loans	6.558.090	102.158	22.641	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	122	52	174
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	122	52	174
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	122	52	174

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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(continued):

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	147	21	168
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	147	21	168
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	147	21	168

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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:

	Current Period	Prior Period
Public	5.366	-
Private	9.166.876	6.885.594
Total	9.172.242	6.885.594

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	9.123.098	6.860.399
Foreign loans	49.144	25.195
Total	9.172.242	6.885.594

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	261.703	185.532
Indirect loans granted to subsidiaries and associates	-	-
Total	261.703	185.532

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	17.327	59
Loans and receivables with doubtful collectability	6.378	5.316
Uncollectible loans and receivables	12.548	8.400
Total	36.253	13.775

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

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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)	-	-	9.515
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables		-	9.515
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
Current Period			
Prior period end balance	59	5.316	8.400
Additions (+)	23.642	46	66
Transfers from other categories of non-performing Loans (+)	-	6.374	5.358
Transfers to other categories of non-performing loans (-)	(6.374)	(5.358)	-
Collections (-)	-	-	(1.276)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	17.327	6.378	12.548
Specific provision (-)	(17.327)	(6.378)	(12.548)
Net Balances on Balance Sheet	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period			
Prior period end balance	5.313	5.978	14.382
Additions (+)	59	1	127
Transfers from other categories of non-performing Loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	(5.313)	(663)	(6.109)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	59	5.316	8.400
Specific provision (-)	(59)	(5.316)	(8.400)
Net Balances on Balance Sheet	-	-	-

(*) Transfer to 2nd Group Receivables amounting to TL 4.443 is included in "Collections" line.

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	15.099	-	5.362
Specific Provision (-)	(15.099)	-	(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	-	-	-

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

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	17.327	6.378	12.548
Specific Provision Amount (-)	(17.327)	(6.378)	(12.548)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
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)	-	-	-

5.k Main principles of liquidating loans and receivables:

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

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

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

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

5.m Other explanations and disclosures:

Current Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	7.488.057	1.684.011	174	-	9.172.242
Past due not impaired	-	-	-	-	-
Individually impaired	12.352	23.901	-	-	36.253
Total	7.500.409	1.707.912	174	-	9.208.495
Less: allowance for individually impaired loans	(12.352)	(23.901)	-	-	(36.253)
Total allowance for impairment	(12.352)	(23.901)	-	-	(36.253)
Net Loan Amount	7.488.057	1.684.011	174	-	9.172.242

Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	5.267.351	1.613.950	168	3.140	6.884.609
Past due not impaired	-	985	-	-	985
Individually impaired	6.875	6.900	-	-	13.775
Total	5.274.226	1.621.835	168	3.140	6.899.369
Less: allowance for individually impaired loans	(6.875)	(6.900)	-	-	(13.775)
Total allowance for impairment	(6.875)	(6.900)	-	-	(13.775)
Net Loan Amount	5.267.351	1.614.935	168	3.140	6.885.594

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

	Corporate	SME	Consumer	Other	Total
At 1 January 2013	(6.875)	(6.900)	-	-	(13.775)
Charge for the year	(6.453)	(17.301)	-	-	(23.754)
Recoveries	976	300	-	-	1.276
Amounts written off	-	-	-	-	-
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2013	(12.352)	(23.901)	-	-	(36.253)

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures(continued):

	Corporate	SME	Consumer	Other	Total
At 1 January 2012	(12.437)	(13.236)	-	-	(25.673)
Charge for the year	(125)	(62)	-	-	(187)
Recoveries(*)	5.687	6.398	-	-	12.085
Amounts written off	-	-	-	-	-
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2012	(6.875)	(6.900)	-	-	(13.775)

(*) Transfer to 2nd Group Receivables amounting to TL 4.443 is included in "Charge for the year" line.

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

Current Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(12.352)	(23.901)	-	-	(36.253)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	12.352	23.901	-	-	36.253
Prior Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(6.875)	(6.900)	-	-	(13.775)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	6.875	6.900	-	-	13.775

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

	Current Period	Prior Period
At 1 January	13.775	25.673
Charge for the year	23.754	187
Recoveries	(1.276)	(12.085)
Amounts written off	-	-
Interest accrued on impaired loans and other receivables	-	-
At 31 December	36.253	13.775
Individual impairment	(36.253)	(13.775)
Gross amount of loans, individually determined to be impaired, (before deducting any individually assessed impairment allowance)	36.253	13.775

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Information on loans (continued)

5.m Other explanations and disclosures (continued):

Prior Period	Less than 30 days	31- 60 Days	61- 90 Days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	-	-	-	-	-
SME Loans	985	-	-	-	985
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	985	-	-	-	985

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

	Current Period	Prior Period
Residential, commercial and industrial property	-	985
Financial assets	-	-
Other (bailment, pledge for vehicles and ship)	-	-
Total	-	985

Loans and other receivables amounting to TL 7.915.323 have floating interest rates (31 December 2012: TL 6.286.381) and the remaining TL 1.256.919 have fixed interest rates (31 December 2012: TL 599.213).

6. Information on held-to-maturity investments

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

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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	971.615	69.461	648	58.840	15	11.944	4.574	-
İş Finansal	3.492.581	603.638	2.514	193.803	64	39.589	18.776	115.139
İş Girişim	420.681	268.703	84.272	-	-	68.664	68.403	28.772
Terme (*)	13.764	3.715	563	239	-	197	230	-
Ege Tarım(*)	11.346	11.265	9.102	65	-	(1.210)	(353)	-

(*) Represents for the period ended 30 September 2013 financial statements. Prior year profit/loss is obtained from 30 September 2012 financial statements.

7.a.2 Information on associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	141.127	129.479
Movements During the Period	11.201	11.648
Purchases	120	420
Bonus Shares Obtained	16.769	15.555
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(5.688)	(4.327)
Balance at the End of the Period	152.328	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.

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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)

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	115.139	113.320
Financial Service Companies	-	-
Other Financial Associates	28.772	24.730

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	143.911	138.050
Associates quoted on foreign stock exchanges	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net)

8.a.1 Information on subsidiaries:

Current Period	YFAŞ	TSKB GYO
CORE CAPITAL		
Paid-in Capital	61.000	150.000
Inflation Adjustment to Share Capital	775	-
Share Premium	-	593
Legal Reserves	4.400	5.739
Current and Prior Years' Profit/Loss	5.366	53.671
Leasehold Improvements (-)	(1.665)	-
Intangible Assets (-)	(593)	(6)
Total Core Capital	69.283	209.997
SUPPLEMENTARY CAPITAL	1.138	-
CAPITAL	70.421	209.997
NET AVAILABLE CAPITAL	70.421	209.997

Prior Period	YFAŞ	TSKB GYO
CORE CAPITAL		
Paid-in Capital	61.000	150.000
Inflation Adjustment to Share Capital	775	-
Share Premium	-	593
Legal Reserves	4.598	5.721
Current and Prior Years' Profit/Loss	827	79.513
Leasehold Improvements (-)	(675)	-
Intangible Assets (-)	(394)	(3)
Total Core Capital	66.131	235.824
SUPPLEMENTARY CAPITAL	80	-
CAPITAL	66.211	235.824
NET AVAILABLE CAPITAL	66.211	235.824

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

There is no internal capital adequacy assessment approach for the 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.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 minimum capital requirement.

8.b.1 Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YFAŞ)	Istanbul /Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	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	10.972	8.395	1.265	124	-	2.177	2.568	-
YFAŞ.	486.249	73.110	4.226	24.969	803	2.966	2.725	-
TSKB GYO	376.188	208.995	335.483	1.117	-	(26.167)	17.048	66.375
TGD A.Ş.	559	567	-	-	-	(7)	(215)	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net) (continued)

8.b.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	136.468	118.888
Movements in period	(1.770)	17.580
Purchases	-	-
Bonus shares obtained	-	7.184
Current year share of profit	-	-
Sales (*)	-	(6.548)
Revaluation increase	-	16.944
Provision for impairment	(1.770)	-
Balance at the end of the period	134.698	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.

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

	Current Period	Prior Period
Subsidiaries	-	-
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	134.086	135.856

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

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	66.375	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).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	4.573	4.518	6.073	5.829
Between 1- 4 years	-	-	3.685	3.603
More than 4 years	-	-	-	-
Total	4.573	4.518	9.758	9.432

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

	Current Period	Prior Period
Gross investments in finance leases	4.573	9.758
Unearned revenue from finance leases (-)	(55)	(326)
Cancelled finance leases (-)	-	-
Net investments in finance leases	4.518	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, Factoring and Financing Company Law No 6361. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on derivative financial assets 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)

Current Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and buildings (*)	7.485	-	-	-	7.485
Assets held under finance leases	2.259	-	(666)	-	1.593
Vehicles	1.124	-	(156)	-	968
Assets held for resale	1.380	170	(347)	-	1.203
Other	8.525	492	(80)	-	8.937
Total Cost	20.773	662	(1.249)	-	20.186
Accumulated depreciation					
Land and buildings (*)	(2.447)	(241)	-	-	(2.688)
Assets held under finance leases	(2.040)	(58)	666	-	(1.432)
Vehicles	(833)	(164)	156	-	(841)
Assets held for resale	(14)	(7)	4	-	(17)
Other	(6.780)	(707)	80	-	(7.407)
Total accumulated depreciation	(12.114)	(1.177)	906	-	(12.385)
Impairment provision					
Land and buildings (*)	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(447)	(19)	-	-	(466)
Other	-	-	-	-	-
Total impairment provision	(447)	(19)	-	-	(466)
Net book value	8.212	(534)	(343)	-	7.335

(*)Land and Buildings also include lands and buildings held under finance leases.

Prior Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and buildings (*)	7.577	-	(92)	-	7.485
Assets held under finance leases	2.344	16	(101)	-	2.259
Vehicles	1.153	-	(29)	-	1.124
Assets held for resale	1.440	195	(255)	-	1.380
Other	7.978	701	(154)	-	8.525
Total Cost	20.492	912	(631)	-	20.773
Accumulated depreciation					
Land and buildings (*)	(2.204)	(243)	-	-	(2.447)
Assets held under finance leases	(2.014)	(127)	101	-	(2.040)
Vehicles	(652)	(194)	13	-	(833)
Assets held for resale	(5)	(9)	-	-	(14)
Other	(6.169)	(765)	154	-	(6.780)
Total accumulated depreciation	(11.044)	(1.338)	268	-	(12.114)
Impairment provision					
Land and buildings (*)	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(437)	(20)	10	-	(447)
Other	-	-	-	-	-
Total impairment provision	(437)	(20)	10	-	(447)
Net book value	9.011	(446)	(353)	-	8.212

(*)Land and Buildings also include lands and buildings held under finance leases.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

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

In the current period, Bank recorded TL 19 impairment and there is no reversal of impairment (31 December 2012: TL 20; TL 10 impairments reversed).

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

There is no impairment provision on individual asset set or cancelled in the current period, other than impairment on properties referred to above (31 December 2012: None).

13. Information on intangible assets

13.a Useful lives and amortization rates used:

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

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

13.b Amortization methods used:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

13. Information on intangible assets (continued)

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

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

Prior Period	Beginning of Period		End of Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	3.299	(2.847)	3.704	(3.086)

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

Current Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	3.704	290	-	3.994
Total Cost	3.704	290	-	3.994
Accumulated amortization:				
Software	(3.086)	(263)	-	(3.349)
Total Accumulated Amortization	(3.086)	(263)	-	(3.349)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	618	27	-	645

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	3.299	405	-	3.704
Total Cost	3.299	405	-	3.704
Accumulated amortization:				
Software	(2.847)	(239)	-	(3.086)
Total Accumulated Amortization	(2.847)	(239)	-	(3.086)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	452	166	-	618

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

13. Information on intangible assets (continued)

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

As at the reporting date, the Bank has no individual intangible asset which is material in the financial statements as a whole (31 December 2012: None).

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

As at the reporting date, the Bank has no intangible assets acquired through government grants (31 December 2012: None).

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

As at the reporting date, the Bank has no intangible assets acquired with government incentives. (31 December 2012: None).

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

As at the reporting date, there are no intangible assets with restricted use or pledged (31 December 2012: None).

13.i Amount of purchase commitments for intangible assets:

As at the reporting date, the Bank has no purchase commitments for intangible assets (31 December 2012: None).

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

The Bank did not revalue its intangible assets as at the reporting date (31 December 2012: None).

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

The Bank has no research and development costs expensed in the current period. (31 December 2012: None).

13.l Information on goodwill:

As at the reporting date, the Bank has no goodwill (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)

13 Information on Intangible Assets (continued)

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

As at the reporting date, the Bank has no goodwill in the accompanying financial statements (31 December 2012: None).

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

As at the reporting date, the Bank has no negative goodwill in the accompanying financial statements (31 December 2012: None).

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	11.771	11.496
Other provisions	10.000	10.775
Marketable securities	96	119
Employee benefit provision	1.323	1.381
Valuation of derivative instruments	182	-
Other	320	259
Total Deferred Tax Asset	23.692	24.030
Deferred tax liability:		
Marketable securities	(5.510)	(14.703)
Loan commissions accrual adjustment	(3.111)	(2.395)
Valuation of derivative instruments	-	(2.038)
Useful life difference of fixed assets	(35)	(50)
Total Deferred Tax Liability	(8.656)	(19.186)
Net Deferred Tax Asset	15.036	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 liability 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 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	-	99	1.565	1.164
Swap Transactions	7.277	10.560	-	17.733
Futures Transactions	-	-	-	-
Options	-	22.848	-	367
Other	-	-	-	-
Total	7.277	33.507	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	-	222.690	22.000	66.589
From Foreign Banks, Institutions and Funds	-	8.779.565	-	6.796.075
Total	-	9.002.255	22.000	6.862.664

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	565.123	22.000	270.665
Medium and long-term	-	8.437.132	-	6.591.999
Total	-	9.002.255	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:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	1.358.005	22.356	1.016.533	50.613
Financial institutions and organizations	1.332.460	-	941.545	-
Other institutions and organizations	21.828	18.857	38.312	39.977
Real persons	3.717	3.499	36.676	10.636
From Foreign Transactions	896	223.875	794	167.239
Financial institutions and organizations	-	221.878	155	166.710
Other institutions and organizations	2	79	-	-
Real persons	894	1.918	639	529
Total	1.358.901	246.231	1.017.327	217.852

4. Other liabilities which exceed 10% of the balance sheet total and the breakdown of these which constitute at least 20% of grand total

There are no other liabilities, which exceed 10% of the balance sheet total (31 December 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	104.331	83.714
Provisions for First Group Loans and Receivables	85.701	72.652
- <i>Additional provisions for the loans with extended payment plan</i>	5.807	5.108
Provisions for Second Group Loans and Receivables	5.868	599
- <i>Additional provisions for the loans with extended payment plan</i>	5.329	-
Provisions for Non-Cash Loans	2.798	2.417
Other	9.964	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 614 (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:

The Bank has TL 2.115 specific provisions provided for unindemnified non cash loans as of the reporting date (31 December 2012: None).

7.d Information related to other provisions:

7.d.1 Provision for possible losses:

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

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

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

As of 31 December 2013, TL 8.626 reserve for employee termination benefits was provided against a total undiscounted liability of TL 5.746 (31 December 2012: TL 6.266). As of 31 December 2013, the Bank provided a reserve of TL 868 (31 December 2012: TL 638) for the unused vacations. This balance is classified under reserve for employee benefits in the financial statements.

Actuarial gains and losses amounting TL 495 are recognised under Shareholder's Equity since 1 January in accordance with the Revised TAS 19.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on provisions (continued)

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

7.d.2 Information on employee termination benefits and unused vacation accrual (continued):

Liabilities on pension rights

As explained on the Section Three, Accounting Policies, XVI. Explanations on Liabilities Regarding Employee Benefits as of 31 December 2013, the Group has no obligations on pension rights (31 December 2012: None).

Liabilities for pension funds established in accordance with "Social Security Institution"

None (31 December 2012: None).

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

The Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of 31 December 2013 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 24 January 2014, there is no need for technical or actual deficit to book provision as of 31 December 2013.

Accordingly, as of 31 December 2013 the Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Note 3.15, the accounting policies related with employee benefits.

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

	Current Period	Prior Period
Provision for Lawsuits	-	125
Other (*)	50.000	53.751
Total	50.000	53.876

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

8. Information on taxes payable

8.a Information on current taxes payable:

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	18.009	-	29.690	-
Deferred tax liability	-	-	-	-
Total	18.009	-	29.690	-

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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 (continued)

8.a Information current taxes payable (continued)

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	18.009	29.690
Taxation of securities	453	621
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	1.770	1.101
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	85	52
Other	626	573
Total	20.943	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	17	16
Unemployment insurance-Employer	33	32
Other	-	-
Total	50	48

8.b Information on deferred taxes liabilities:

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

9. Information on liabilities regarding assets held for sale

None (31 December 2012: None).

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

The Bank has signed an agreement with the International Finance Corporation for a subordinated loan of USD 50 Million (TL 106.000). Turkish Lira equivalent of the loan is amounting to TL 106.000 as of 31 December 2013. The interest accrued on this loan is TL 759 as of the reporting date.

The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the reporting date it is 3,36% (0,36+3,00 spread). Principal of the loan will be repaid on 15 October 2016 as a whole.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Explanations of subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Financial Institutions	-	-	-	-
Foreign Banks	-	-	-	-
Other Foreign Financial Institutions	-	106.759	-	89.125
Total	-	106.759	-	89.125

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.

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).

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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.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	(11.030)	-	(3.572)	-
Valuation Differences	(9.291)	15.648	59.506	69.385
Foreign Exchange Difference	-	-	-	-
Total	(20.321)	15.648	55.934	69.385

11.i Informations on legal reserves:

	Current Period	Prior Period
First legal reserve	75.641	60.278
Second legal reserve	80.627	62.598
Other legal reserves appropriated in accordance with special legislation	-	-
Total	156.268	122.876

11.j Informations on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	18.597	1.148
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	18.597	1.148

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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.k Explanations related to equity:

Movement of equity reserves during the period

Current Period	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As at 1 January	128.891	(3.572)	35.157	374	160.850
Value increase/decrease of available for sale investments recognized directly under equity	(159.038)	(7.458)	-	-	(166.496)
Profit/loss on disposal of available for sale investments recycled to income statement from equity	6.423	-	-	-	6.423
Tax effect of gains on available for sale investments	30.081	-	-	-	30.081
Other(*)	-	-	(26.237)	-	(26.237)
As at 31 December	6.357	(11.030)	8.920	374	4.621

(*) In the current period, according to the Article 5-(I)/e of the Turkish Corporate Tax Code No.5520, 75% of the gain on sale of the building amounting to TL 2.856 in the tax purpose financial statements amounting to TL 2.142 is exempt from corporate income tax and for the five years following 2012, until the profit distribution process has completed, gains are agreed to be kept in a special fund account under equity and within the specified period, except the share capital, gains are not allowed to transfer into another account. The Bank has transferred such gains to the "Tangible and Intangible Assets Revaluation Differences " account.

Prior Period	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As at 1 January	9.773	(17.070)	31.174	374	24.251
Value increase/decrease of available for sale investments recognized directly under equity	147.927	12.617	-	-	160.544
Profit/loss on disposal of available for sale investments recycled to income statement from equity	(756)	-	-	-	(756)
Tax effect of gains on available for sale investments	(28.053)	-	-	-	(28.053)
Other(*)	-	881	3.983	-	4.864
As at 31 December	128.891	(3.572)	35.157	374	160.850

(*) In the prior period, according to the Article 5-(I)/e of the Turkish Corporate Tax Code No.5520, 75% of the gain on sale of the building amounting to TL 5.311 in the tax purpose financial statements amounting to TL 3.983 is exempt from corporate income tax and for the five years following 2011, until the profit distribution process has completed, gains are agreed to be kept in a special fund account under equity and within the specified period, except the share capital, gains are not allowed to transfer into another account. The Bank has transferred such gains to the "Tangible and Intangible Assets Revaluation Differences " account.

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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:

	Current Year	Prior Year
Commitments for Forward Purchase and Sales of Assets	511.345	10.175
Commitments for Use Guaranteed Credit Allocation	4.805	4.007
Commitments for Stock Brokerage Purchase and Sales	5.184	11.244
Commitments for Letter of Credit	15.278	11.902
Commitments from Forward Short Term Borrowing and Transfers	46.740	-
Other	1.593	120
Total	584.945	37.448

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 438.033 (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 1.015.387 (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	1.453.420	1.212.557
Total	1.453.420	1.212.557

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	375.344	74	849.991	90	160.031	55	668.187	72
Mining	-	-	-	-	-	-	-	-
Manufacturing Industry	6.049	1	238.496	25	4.393	1	286.673	31
Electricity, Gas, Water	369.295	73	611.495	65	155.638	54	381.514	41
Construction	12.206	3	5.845	1	4.285	2	4.665	1
Services	118.371	23	91.663	9	122.439	42	248.950	27
Wholesale and Retail Trade	-	-	-	-	-	-	182.048	20
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	11.449	1	-	-	-	-
Financial Institutions	117.734	23	79.668	8	121.959	42	66.434	7
Real Asset and Leasing Services	637	-	546	-	480	-	468	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	4.000	1	-	-
Total	505.921	100	947.499	100	290.755	100	921.802	100

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

	Ist Group				IInd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	499.681	941.104	290.755	921.802	5.740	2.668	-	-
Letters of Guarantee	499.681	509.466	286.530	349.238	5.740	-	-	-
Bank Acceptances	-	-	-	-	-	-	-	-
Letters of Credit	-	431.635	-	572.564	-	2.668	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	-	-	4.225	-	-	-	-	-

The Bank has specific provisions amounting to TL 2.115 (31 December 2012: None) provided for unindemnified and non cash loans amounting to TL 4.230 which are followed under off-balance sheet items as of the reporting date (31 December 2012: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Information related to derivative financial instruments

	Current Period	Prior Period
Foreign currency related derivative transactions (I)	1.897.605	1.252.388
Forward transactions	160.417	475.517
Swap transactions	950.918	657.182
Futures transactions	-	-
Option transactions	786.270	119.689
Interest related derivative transactions (II)	2.528.510	1.677.074
Interest rate swap transactions	2.510.020	1.645.874
Interest option transactions	18.490	31.200
Futures interest transactions	-	-
Other trading derivative transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	4.426.115	2.929.462
Types of hedging transactions	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	4.426.115	2.929.462

As of 31 December 2013, the breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Current Period										
TL	-	19.461	72.662	57.746	187.344	183.644	-	-	-	-
US Dollar	29.902	29.750	911.530	1.214.686	125.176	117.884	-	-	-	-
Euro	39.032	17.756	743.735	455.981	89.511	101.201	-	-	-	-
Other	12.258	12.258	2.300	2.298	-	-	-	-	-	-
Total	81.192	79.225	1.730.227	1.730.711	402.031	402.729	-	-	-	-

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Prior Period										
TL	55.432	55.189	13.411	14.070	15.734	15.734	-	-	-	-
US Dollar	63.778	63.756	547.368	826.694	40.631	20.069	-	-	-	-
Euro	118.678	118.684	593.050	307.570	18.865	39.856	-	-	-	-
Other	-	-	893	-	-	-	-	-	-	-
Total	237.888	237.629	1.154.722	1.148.334	75.230	75.659	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Information related to derivative financial instruments (continued)

Derivative Financial Liabilities Held For Trading	Current Period			Prior Period		
	Fair Value Assets	Fair Value Liabilities	Notional Amount in Turkish Lira Equivalent	Fair Value Liabilities	Fair Value Assets	Notional Amount in Turkish Lira Equivalent
Swap Transactions	6.230	(7.482)	950.918	4.518	(188)	657.182
Interest Rate Swap Transactions	9.459	(10.355)	2.510.020	15.312	(17.546)	1.645.874
Forward Transactions	2.796	(99)	160.417	2.980	(2.729)	475.517
Futures Transactions	-	-	-	-	-	-
Option Transactions	22.202	(22.848)	804.760	433	(366)	150.889
Other	-	-	-	-	-	-
Total	40.687	(40.784)	4.426.115	23.243	(20.829)	2.929.462

Fair value hedge

For the year ended 31 December 2013, the Bank does not have any under hedge accounting (31 December 2013: None).

Cash flow hedge

For the year ended 31 December 2013, the Bank does not have any items related to cash flow hedges (31 December 2012: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

3. Explanations on loan derivatives and risk exposures

The Bank has no loan derivatives and such risk exposures to this respect (31 December 2012: None).

4. Explanations on contingent liabilities and assets

There are 18 legal cases against the Bank which are amounting to TL 855 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, 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:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	11.995	8.975	9.864	9.749
Medium and long term loans	87.265	285.266	80.673	233.951
Interest on non-performing loans	1.078	-	219	514
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	100.338	294.241	90.756	244.214

(*)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	276	16	80	224
Foreign banks	-	-	1	1
Branches and head office abroad	-	-	-	-
Total	276	16	81	225

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	339	7	1.279	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	204.057	23.945	208.945	28.382
Investments Held to Maturity	-	-	7.693	-
Total	204.396	23.952	217.917	28.382

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	8.735	8.108

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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	693	5.743	157	6.073
The Central Bank of Turkey	-	-	4	-
Domestic banks	595	665	124	695
Foreign banks	98	5.078	29	5.378
Branches and head office abroad	-	-	-	-
Other financial institutions	-	77.613	-	84.231
Total (*)	693	83.356	157	90.304

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

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

The Bank has no interest expense to its associates and subsidiaries. (31 December 2012 : None)

2.c Information on interest expense to securities issued:

The Bank has no interest expense to its associates and subsidiaries. (31 December 2012 : None)

3. Information on dividend income

	Current period	Prior period
Financial Assets held for Trading	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Financial Assets Available For Sale	6.841	1.553
Other	23.474	26.158
Total	30.315	27.711

4. Information on net trading income (net)

	Current Period	Prior Period
Profit	573.891	328.715
Gains on capital market operations	6.962	2.323
Gains on derivative financial instruments(*)	154.036	108.398
Foreign exchange gains	412.893	217.994
Losses (-)	(586.731)	(328.435)
Losses on capital market operations	(3.337)	(4.115)
Losses on derivative financial instruments(*)	(162.590)	(98.819)
Foreign exchange losses	(420.804)	(225.501)

(*)Foreign exchange gain from derivative transactions amounting to TL 104.174 is presented in "Profit on derivative financial instruments" (31 December 2012 TL 69.505), foreign exchange loss from derivative transactions amounting to TL (108.049) is presented in "Losses on derivative financial instruments" (31 December 2012 TL (58.092))

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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	5.151	13.067
Gains on Sale of Assets	854	2.962
From Associate and Subsidiary Sales	756	-
From Immovable Fixed Asset Sales	33	2.912
From Property Sales	65	50
From Other Asset Sales	-	-
Other	1.800	2.678
Total	7.805	18.707

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	25.765	187
III. Group	25.653	59
IV. Group	46	1
V. Group	66	127
General provision expenses	20.617	19.150
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	1.856	1.088
Trading securities	-	8
Investment securities available for sale	1.856	1.080
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other	-	13.750
Total	48.238	34.175

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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	46.608	43.807
Reserve for employee termination benefits	204	2.930
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1.170	1.329
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	263	239
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	19	20
Depreciation expenses of assets for resale	7	9
Impairment expenses of assets held for sale	-	-
Other operating expenses	16.178	15.245
Rent expenses	7.014	6.786
Maintenance expenses	454	523
Advertisement expenses	603	332
Other expenses	8.107	7.604
Loss on sale of assets	20	110
Other	8.721	8.785
Total	73.190	72.474

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

As of 31 December 2013, net profit of the Bank has increased by 4,73% compared to prior year (31 December 2012: 20,48%). Net interest income of the Bank has increased by 12,96% compared to prior year (31 December 2012: 18,17%).

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 55.093 (31 December 2012: TL 94.286). Deferred tax charge is TL 19.744 (31 December 2012: TL 18.757 tax benefit).

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

Deferred tax charge calculated on temporary differences is TL 19.744 (31 December 2012: TL 18.757 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 tax provision for continued and discontinued operations (continued)

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

As of 31 December 2013, deferred tax charge calculated based on temporary timing differences is TL 19.744 (31 December 2012: TL 18.757 tax benefit). There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exceptions (31 December 2012: None).

In addition, TL 2.183 deferred tax (31 December 2012: TL 32.264), which is calculated over the fair value differences on available for sale securities, is offset against the "available for sale securities value increase fund" item under equity, and TL 145 deferred tax, which is calculation over actuarial difference on employee benefit is offset against the "other profit reserves" item under equity.

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

As of 31 December 2013, net profit of the Bank has increased by 6,12% compared to prior net profit (31 December 2012: 20,33%).

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 637.646 interest income, TL 151.309 interest expenses and TL 10.705 net fee and commission income from banking operations (31 December 2012: TL 589.384 interest income, TL 158.863 interest expense, TL 12.223 net fee and commission income).

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

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

11.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (31 December 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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Informations related to capital

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

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

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.

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

As of 31 December 2013, TL 8.540 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 2.183 deferred tax is offset against value increase related to these investments and as a result, TL 6.357 net value increase is disclosed under the securities value increase fund in the statement of changes in the equity.

In the prior period, TL 161.155 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 32.264 deferred tax is offset against value increase related to these investments and as a result, TL 128.891 net value increase is disclosed under the securities value increase fund in the statement of changes in the equity.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

3. Information on increases in the cash flow hedges

There is no increase in the cash flow hedges.

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

There is no difference in the beginning and ending balances for foreign currency differences.

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

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

6. Information about Dividends

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

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

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

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

7. Amounts transferred to legal reserves

In the current year, TL 33.392 was transferred to the legal reserves (31 December 2012: TL 27.515).

8. Offsetting of the prior period's losses

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

VI. Explanations related to statement of cash flows

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

In the current period, other income, TL 7.555, consists of gain on sale of assets, capital market transaction income and non-interest income (31 December 2012: TL 28.286 gain on sale of assets, derivative financial transaction income and non-interest income).

Other caption in changes in assets and liabilities from banking operations, TL 87.414 consists of taxes paid, except derivative financial transaction losses, employee termination benefits provision and depreciation expense other operating expenses and fees and commissions paid (31 December 2012: TL (29.657) consists of taxes paid, except capital market transaction losses, financial leases expenses, employee termination benefits provision and depreciation expenses other operating expenses and fees and commissions paid).

In the current period, net increase/decrease item in other assets amounting to TL (227.717) (31 December 2012: TL 62.750), consists of change in miscellaneous receivables, reserve requirement and other assets items.

In the current period, other payables amounting to TL 332.941 (31 December 2012: TL 319.230), consists of borrower funds, miscellaneous payables and funds from repo transactions.

In the current period, the effect of changes in foreign currency exchange rates on cash and cash equivalents has realized as expense amounting to TL 7.536 (31 December 2012: TL (2.820) income).

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

In the current period, the Bank invested TL 662 in movable fixed assets and properties and invested TL 219 in intangible fixed assets. There is TL 120 investment in associates and subsidiaries.

In the prior period, the Bank invested TL 912 in movable fixed assets and properties and invested TL 405 in intangible fixed assets. There is TL 420 investment in associates and subsidiaries.

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

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

In the current period, the Bank has generated a cash inflow of TL 1.197 on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

In the prior period the Bank has generated a cash inflow of TL 3.325 on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations related to statement of cash flows (continued)

4. Information on cash and cash equivalents at the end of the period

Information on cash and cash equivalents at the beginning of the period:

	Beginning of the Current Period	Beginning of the Prior Period
Cash	27.995	8.133
Cash Equivalents	37.571	59.553
Total	65.566	67.686

Information on cash and cash equivalents at the end of the period:

	End of the Current Period	End of the Prior Period
Cash	36	27.995
Cash Equivalents	85.525	37.571
Total	85.561	65.566

5. Amount of cash and cash equivalents restricted for the usage of the Bank and the shareholders by legal limitations and other reasons

There are no cash and cash equivalents restricted for the usage of the Bank and affiliates by legal limitations and other reasons.

6. Additional Information related to financial position and liquidity of the Bank

6.a Any unused financial borrowing facility which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities:

There are not any unused financial borrowing facilities which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities.

6.b Apart from the cash flows needed to run ordinary operations of the Bank, total of cash flows that shows the increase in the operation capacity of the Bank:

Under current economical conditions, the cash flows are followed daily and cash flows showing the increase in the capacity of operations of the Bank are investigated.

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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	261.703	262	112.840	117.413	91.627	-
Interest and Commission Income	8.730	5	2.616	294	3.318	-

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	8.103	5	2.082	294	2.031	-

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 (31 December 2012: None).

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

Benefits provided to the key management personnel in the current period amount to TL 7.168 (31 December 2012: TL 6.310).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

	Number	Number of Employees			
Domestic branches	2	316			
			Country of Incorporation		
Foreign Rep-offices	-	-			
				Total Asset	Capital
Foreign Branches	-	-		-	-
Off-shore Banking Region Branches	-	-		-	-

2. Explanation on opening, closing of a branch/agency of the Bank or changing its organizational structure significantly

In the current year, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches.

In the prior period, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches. In the Board of Directors meeting held on 25 January 2012; it was decided to close the Bahrain Branch of the Bank and in this context, General Management was authorized for the required operations. In accordance with the decision, the Bank management has started to executions in order to terminate the Bahrain Branch activities. As of 27 December 2012, closing procedures of the Bahrain Branch have been completed.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank

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

FITCH RATINGS

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

Information above is received from Fitch Ratings report dated 31 October 2013.

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.

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

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, 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.

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

As of 31 January 2014, the Bank has sold all Takasbank-İstanbul Takas ve Saklama Bankası A.Ş. shares representing 5% of its nominal amount of TL 21.000 to Borsa İstanbul A.Ş. at a price of TL 33.390 and the sale amount was collected within the same day.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
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SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on the independent auditors' review report

Unconsolidated financial statements and the notes to the financial statements as at 31 December 2013 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("the Turkish member firm of KPMG International Cooperative, a Swiss entity"). The independent auditors' report dated 4 February 2014 is presented at the beginning of the financial statements and related notes.

II. Explanations and notes prepared by independent auditor

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