



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Nine-Month Period Ended 30 September 2015
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*
With Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

28 October 2015

*This report contains "Auditors' Review Report"
comprising 1 page and; "Unconsolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 86 pages.*



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

AUDITORS' REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Sınai Kalkınma Bankası AŞ. (the "Bank") as at 30 September 2015 and the unconsolidated income statement, unconsolidated statement of comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the nine-month period then ended and summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of such interim financial information in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette numbered 26333 on 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred to as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of limited review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial information is not presented fairly, in all material respects, the financial position of Türkiye Sınai Kalkınma Bankası AŞ as of 30 September 2015 and the result of its operations and cash flows for the nine-month period then ended in accordance with BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Accounting and Reporting Legislation.

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

Erdal Tıkmak
Partner, SMMM

28 October 2015
İstanbul, Turkey



Additional paragraph for convenience translation to English

As explained in Note 1 in Section Three, the accompanying interim unconsolidated financial information are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

28 October 2015

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 SEPTEMBER 2015
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

Current Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	875.003	50,00	875.003	-
T. Vakıflar Bankası T.A.O.	146.606	8,38	146.606	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	728.391	41,62	728.391	-
Total	1.750.000	100,00	1.750.000	-

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 SEPTEMBER 2015
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)
Adnan Bali	Chairman of the Board of Directors
Kemal Serdar Dışlı	Vice Chairman of the Board of Directors and Member of the Audit Committee
Burhanettin Aktaş	Member of the Board of Directors
Halil Aydoğan	Member of the Board of Directors
Murat Bilgiç	Member of the Board of Directors
Yavuz Canevi (2)	Member of the Board of Directors
Ertan Burhanettin Kantar	Member of the Board of Directors
Uygur Şafak Ögün	Member of the Board of Directors and Audit Committee
Ebru Özşuca	Member of the Board of Directors
Özcan Türkakın	Member of the Board of Directors and General Manager
Kamil Yılmaz	Member of the Board of Directors

General Manager and Vice Presidents

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

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

(2) Yavuz Canevi was elected to Board Member pursuant to General Assembly held on 26 March 2015, due to the resignation of Durmaz Yılmaz in accordance with the Board of Directors resolution on 26 March 2015. 9 April 2015 is oath date in order to start vacant position of Yavuz Canevi.

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

According to the regulations on auditing in Articles 397-406 of the Turkish Commercial Code numbered 6102, Akis Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş. has been elected as the independent auditor for the year 2015 in the General Assembly Meeting held on 26 March 2015.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 SEPTEMBER 2015
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	875.003	50,00	875.003	-
T. Vakıflar Bankası T.A.O.	146.606	8,38	146.606	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	728.391	41,62	728.391	-
Total	1.750.000	100,00	1.750.000	-
Prior Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	750.002	50,00	750.002	-
T. Vakıflar Bankası T.A.O.	125.662	8,38	125.662	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	624.336	41,62	624.336	-
Total	1.500.000	100,00	1.500.000	-

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

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

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

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

Yatırım Finansman Menkul Değerler A.Ş. :

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

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. ("TSKB GYO") was established on 3 February 2006. Core business of the Company is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 59,00%. The company's headquarters is located at Istanbul/Turkey.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. ("İş Finansal Kiralama") was established on 8 February 1988. The company has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No 6361. The purpose of the Company is performing domestic and foreign financial leasing activities and all kind of rental (leasing) transactions within the framework of legislation. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 28,56% and the share of Türkiye İş Bankası A.Ş. is 27,79%. The company's headquarters is located at Istanbul/Turkey.

İş Faktoring A.Ş. :

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

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

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

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2015
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

			Reviewed Current Period 30 September 2015			Audited Prior Period 31 December 2014		
ASSETS		Note Ref.	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	28.229	698.238	726.467	31.636	476.152	507.788
II.	FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	59.027	202.841	261.868	15.440	56.491	71.931
2.1	Trading financial assets		59.027	202.841	261.868	15.440	56.491	71.931
2.1.1	Public sector debt securities		26.040	-	26.040	-	-	-
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		32.987	202.841	235.828	15.440	56.491	71.931
2.1.4	Other marketable securities		-	-	-	-	-	-
2.2	Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Other marketable securities		-	-	-	-	-	-
2.2.4	Loans		-	-	-	-	-	-
III.	BANKS	(3)	300	58.790	59.090	22.052	100.266	122.318
IV.	MONEY MARKET PLACEMENTS		1.116.490	-	1.116.490	104.913	-	104.913
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		1.116.490	-	1.116.490	104.913	-	104.913
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2,003,069	901.672	2,904,741	2,955,908	558,988	3,514,896
5.1	Share certificates		25.636	10.783	36.419	26.807	6.240	33.047
5.2	Public sector debt securities		1,666,944	847.677	2,514,621	2,491,044	530,019	3,021,063
5.3	Other marketable securities		310,489	43,212	353,701	438,057	22,729	460,786
VI.	LOANS AND RECEIVABLES	(5)	2,277,176	11,993,146	14,270,322	2,525,172	8,455,448	10,980,620
6.1	Loans and receivables		2,277,176	11,993,146	14,270,322	2,525,172	8,455,448	10,980,620
6.1.1	Loans to the risk group of the Bank		254,677	236,147	490,824	331,219	126,710	457,929
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		2,022,499	11,756,999	13,779,498	2,193,953	8,328,738	10,522,691
6.2	Non performing loans		58,203	1,757	59,960	14,897	7,039	16,936
6.3	Specific provisions (-)		(58,203)	(1,757)	(59,960)	(14,897)	(7,039)	(16,936)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	691,139	160,895	852,035	-	-	-
8.1	Public sector debt securities		691,139	160,895	852,035	-	-	-
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	144,404	-	144,404	161,038	-	161,038
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		144,404	-	144,404	161,038	-	161,038
9.2.1	Financial investments		142,849	-	142,849	159,483	-	159,483
9.2.2	Non-financial investments		1,555	-	1,555	1,555	-	1,555
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	125,354	-	125,354	134,204	-	134,204
10.1	Unconsolidated financial subsidiaries		124,975	-	124,975	133,825	-	133,825
10.2	Unconsolidated non-financial subsidiaries		379	-	379	379	-	379
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1	Finance lease receivables		-	105	105	-	87	87
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	(105)	(105)	-	(87)	(87)
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	38,628	38,628	-	-	-
13.1	Fair value hedge		-	38,628	38,628	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	47,473	-	47,473	10,262	-	10,262
XV.	INTANGIBLE ASSETS (Net)	(13)	507	-	507	690	-	690
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		507	-	507	690	-	690
XVI.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	26,389	-	26,389	14,920	-	14,920
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset		26,389	-	26,389	14,920	-	14,920
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Assets held for sale		-	-	-	-	-	-
18.2	Assets of discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	54,823	224,322	279,150	30,337	46,796	77,133
TOTAL ASSETS			6,574,385	14,278,533	20,852,918	6,006,572	9,694,141	15,700,713

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2015

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

LIABILITIES	Note Ref.	Reviewed Current Period 30 September 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
I.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
I.2 Others		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	72,816	181,306	254,122	5,371	59,460	64,831
III. FUNDS BORROWED	(3)	77,682	13,465,992	13,543,674	3,068	9,876,550	9,879,618
IV. MONEY MARKET BALANCES		1,919,262	47,421	1,966,683	1,922,659	239,835	2,162,494
IV.1 Interbank money market takings		-	-	-	-	-	-
IV.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
IV.3 Funds provided under repurchase agreements		1,919,262	47,421	1,966,683	1,922,659	239,835	2,162,494
V. MARKETABLE SECURITIES ISSUED (Net)	(3)	-	2,169,930	2,169,930	-	813,824	813,824
V.1 Bills		-	-	-	-	-	-
V.2 Asset backed securities		-	-	-	-	-	-
V.3 Bonds		-	2,169,930	2,169,930	-	813,824	813,824
VI. BORROWER FUNDS		422	68,782	69,204	623	38,458	39,081
VI.1 Borrower funds		422	68,782	69,204	623	38,458	39,081
VI.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		84,752	38,848	123,600	70,688	13,859	84,547
VIII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	(5)	-	-	-	-	-	-
X.1 Finance lease payables		-	-	-	-	-	-
X.2 Operating lease payables		-	-	-	-	-	-
X.3 Other		-	-	-	-	-	-
X.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
XI.1 Fair value hedge		-	-	-	-	-	-
XI.2 Cash flow hedge		-	-	-	-	-	-
XI.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	225,808	-	225,808	215,929	-	215,929
XII.1 General loan loss provisions		155,973	-	155,973	125,194	-	125,194
XII.2 Restructuring provisions		-	-	-	-	-	-
XII.3 Reserve for employee benefits		9,247	-	9,247	7,735	-	7,735
XII.4 Insurance technical reserves (Net)		-	-	-	-	-	-
XII.5 Other provisions		60,588	-	60,588	83,000	-	83,000
XIII. TAX LIABILITY	(8)	19,871	-	19,871	36,239	-	36,239
XIII.1 Current tax liability		19,871	-	19,871	36,239	-	36,239
XIII.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(9)	-	-	-	-	-	-
XIV.1 Held for sale		-	-	-	-	-	-
XIV.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	152,383	152,383	-	116,065	116,065
XVI. SHAREHOLDERS' EQUITY		2,329,485	(1,842)	2,327,643	2,237,173	50,912	2,288,085
XVI.1 Paid-in capital	(11)	1,750,000	-	1,750,000	1,500,000	-	1,500,000
XVI.2 Capital reserves		(66,432)	(1,842)	(68,274)	61,408	50,912	112,320
XVI.2.1 Share premium		-	-	-	-	-	-
XVI.2.2 Share cancellation profits		-	-	-	-	-	-
XVI.2.3 Marketable securities value increase fund	(11)	(99,744)	(1,842)	(101,586)	51,714	50,912	102,626
XVI.2.4 Tangible assets revaluation differences		32,949	-	32,949	9,320	-	9,320
XVI.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
XVI.2.6 Investment property revaluation differences		-	-	-	-	-	-
XVI.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
XVI.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
XVI.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
XVI.2.10 Other capital reserves		363	-	363	374	-	374
XVI.3 Profit reserves		353,898	-	353,898	366,491	-	366,491
XVI.3.1 Legal reserves		192,634	-	192,634	173,329	-	173,329
XVI.3.2 Statutory reserves		75,641	-	75,641	75,641	-	75,641
XVI.3.3 Extraordinary reserves		82,703	-	82,703	54,612	-	54,612
XVI.3.4 Other profit reserves		2,920	-	2,920	2,609	-	2,909
XVI.4 Profit or loss		292,019	-	292,019	369,274	-	369,274
XVI.4.1 Prior years' income/losses		-	-	-	-	-	-
XVI.4.2 Current year income/loss		292,019	-	292,019	369,274	-	369,274
TOTAL LIABILITIES AND EQUITY		4,730,098	16,122,820	20,852,918	4,491,750	11,208,963	15,700,713

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 30 SEPTEMBER 2015

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

	Note Ref	Reviewed Current Period 30 September 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		3,692,947	21,994,507	25,687,454	2,078,989	11,413,484	13,492,473
I. GUARANTEES AND COLLATERALS	(1)	443,265	1,664,833	2,108,098	431,847	1,021,222	1,453,069
I.1 Letters of guarantee		443,265	839,632	1,282,897	431,847	525,125	956,972
I.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
I.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
I.1.3 Other letters of guarantee		443,265	839,632	1,282,897	431,847	525,125	956,972
I.2 Bank acceptances		-	160,418	160,418	-	-	-
I.2.1 Import letters of acceptance		-	160,418	160,418	-	-	-
I.2.2 Other bank acceptances		-	-	-	-	-	-
I.3 Letters of credit		-	664,783	664,783	-	496,097	496,097
I.3.1 Documentary letters of credit		-	664,783	664,783	-	496,097	496,097
I.3.2 Other letters of credit		-	-	-	-	-	-
I.4 Prefinancing given as guarantee		-	-	-	-	-	-
I.5 Endorsements		-	-	-	-	-	-
I.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
I.5.2 Other endorsements		-	-	-	-	-	-
I.6 Securities issue purchase guarantees		-	-	-	-	-	-
I.7 Factoring guarantees		-	-	-	-	-	-
I.8 Other guarantees		-	-	-	-	-	-
I.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	408,223	3,707,676	4,115,899	393,187	2,269,162	2,662,349
II.1 Irrevocable commitments		110,605	447,847	558,452	15,597	137,316	152,913
II.1.1 Forward asset purchase and sales commitments		26,634	297,507	324,141	12,579	40,776	53,355
II.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
II.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
II.1.4 Loan granting commitments		-	-	-	-	59,930	59,930
II.1.5 Securities underwriting commitments		-	-	-	-	-	-
II.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
II.1.7 Payment commitment for checks		-	-	-	-	-	-
II.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
II.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
II.1.10 Commitments for guarantees related with credit cards and banking activities		-	-	-	-	-	-
II.1.11 Receivables from short sale commitments		-	-	-	-	-	-
II.1.12 Payables for short sale commitments		-	-	-	-	-	-
II.1.13 Other irrevocable commitments		83,977	150,310	234,287	2,718	36,640	39,358
II.2 Revocable commitments		297,618	3,259,859	3,557,474	377,700	2,131,846	2,509,546
II.2.1 Revocable loan granting commitments		297,618	3,259,859	3,557,474	377,700	2,131,846	2,509,546
II.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,841,459	16,621,998	19,463,457	1,253,788	8,123,100	9,376,888
III.1 Derivative financial instruments for hedging purposes		-	4,560,000	4,560,000	-	-	-
III.1.1 Fair value hedge		-	4,560,000	4,560,000	-	-	-
III.1.2 Cash flow hedge		-	-	-	-	-	-
III.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
III.2 Held for trading transactions		2,841,459	11,761,998	14,603,457	1,253,788	8,123,100	9,376,888
III.2.1 Forward foreign currency buy/sell transactions		19,145	139,618	158,763	20,100	28,697	48,897
III.2.1.1 Forward foreign currency transactions-buy		9,260	70,325	79,655	18,765	5,780	24,545
III.2.1.2 Forward foreign currency transactions-sell		9,885	69,293	79,078	1,635	22,917	24,552
III.2.2 Swap transactions related to foreign interest rates		1,634,522	10,164,657	11,799,209	549,246	7,216,864	7,766,150
III.2.2.1 Foreign currency swaps-buy		599,412	2,010,892	2,610,304	200,539	1,129,978	1,330,517
III.2.2.2 Foreign currency swaps-sell		935,110	1,565,251	2,500,361	348,707	961,302	1,266,073
III.2.2.3 Interest rate swaps-buy		23,184	3,294,237	3,317,421	23,685	2,562,792	2,586,480
III.2.2.4 Interest rate swaps-sell		23,184	3,294,237	3,317,421	23,685	2,562,792	2,586,480
III.2.3 Foreign currency, interest rate and securities options		1,157,792	1,352,557	2,510,349	684,060	802,852	1,486,912
III.2.3.1 Foreign currency options-buy		692,556	646,664	1,339,220	344,260	401,258	745,518
III.2.3.2 Foreign currency options-sell		550,206	692,893	1,243,099	340,800	401,604	742,413
III.2.3.3 Interest rate options-buy		-	-	-	-	-	-
III.2.3.4 Interest rate options-sell		-	-	-	-	-	-
III.2.3.5 Securities options-buy		-	-	-	-	-	-
III.2.3.6 Securities options-sell		-	-	-	-	-	-
III.2.4 Foreign currency futures		-	-	-	-	-	-
III.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
III.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
III.2.5 Interest rate futures		-	-	-	-	-	-
III.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
III.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
III.2.6 Other		-	98,136	98,136	-	74,677	74,677
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		30,379,660	149,975,066	180,354,726	25,596,948	106,727,166	132,324,114
IV. ITEMS HELD IN CUSTODY		1,920,351	93,265	2,013,616	1,854,976	256,132	2,111,108
IV.1 Customers' securities held		-	-	-	-	-	-
IV.2 Investment securities held in custody		55,341	93,265	151,606	101,463	256,132	357,645
IV.3 Checks received for collection		-	-	-	-	-	-
IV.4 Commercial notes received for collection		-	-	-	-	-	-
IV.5 Other assets received for collection		-	-	-	-	-	-
IV.6 Assets received for public offering		-	-	-	-	-	-
IV.7 Other items under custody		-	-	-	-	-	-
IV.8 Custodians		1,862,010	-	1,862,010	1,753,513	-	1,753,513
V. PLEDGED ITEMS		18,207,199	89,334,213	107,541,412	14,028,396	64,070,805	78,099,201
V.1 Marketable securities		450,939	5,269,034	5,719,973	422,936	3,739,727	4,162,663
V.2 Guarantee notes		87,568	1,347,529	1,435,097	117,157	1,571,920	1,689,077
V.3 Commodity		-	-	-	-	-	-
V.4 Warranty		-	-	-	-	-	-
V.5 Real estates		353,357	25,620,267	25,973,624	353,357	21,021,939	21,375,296
V.6 Other pledged items		17,314,934	56,767,383	74,082,317	13,134,446	37,714,149	50,848,595
V.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		10,252,110	59,997,638	70,249,748	10,113,576	42,400,179	52,513,755
TOTAL OFF BALANCE SHEET ITEMS (A+B)		34,072,607	171,969,523	206,042,130	28,075,937	118,140,650	146,216,587

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

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

		Reviewed Current Period 1 January 2015 – 30 September 2015	Reviewed Prior Period 1 January 2014 – 30 September 2014	Reviewed Current Period 1 July 2015 – 30 September 2015	Reviewed Prior Period 1 July 2014 – 30 September 2014
	Note Ref.				
I. INTEREST INCOME	(1)	779,250	589,798	279,363	197,833
1.1 Interest on loans		492,850	367,070	180,611	128,017
1.2 Interest received from reserve deposits		648	-	391	-
1.3 Interest received from banks		2,959	522	225	398
1.4 Interest received from money market placements		55,435	12,645	31,971	5,353
1.5 Interest received from marketable securities portfolio		234,244	209,467	65,110	64,013
1.5.1 Financial assets held for trading		1,157	317	603	129
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		220,925	209,150	63,340	63,884
1.5.4 Investments held-to-maturity		2,162	-	2,162	-
1.6 Finance lease income		1	65	-	14
1.7 Other interest income		113	29	55	8
II. INTEREST EXPENSES	(2)	(333,129)	(176,086)	(128,233)	(63,752)
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(129,312)	(75,107)	(51,288)	(29,128)
2.3 Interest on money market borrowings		(136,753)	(97,932)	(46,218)	(33,594)
2.4 Interest on securities issued		(66,905)	-	(30,637)	-
2.5 Other interest expense		(159)	(47)	(90)	(30)
III. NET INTEREST INCOME (I - II)		446,121	413,712	151,130	135,081
IV. NET FEES AND COMMISSIONS INCOME		8,059	7,206	3,527	2,424
4.1 Fees and commissions received		9,843	7,942	4,217	2,665
4.1.1 Non-cash loans		8,580	6,716	4,010	2,370
4.1.2 Other		1,268	1,226	207	295
4.2 Fees and commissions paid		(1,789)	(736)	(690)	(245)
4.2.1 Non-cash loans		(5)	(2)	(2)	(1)
4.2.2 Other		(1,784)	(734)	(688)	(244)
V. DIVIDEND INCOME	(3)	33,604	23,523	-	10,636
VI. NET TRADING INCOME	(4)	(9,402)	12,110	(4,603)	(1,687)
6.1 Securities trading gains/ (losses)		2,939	(1,247)	(3,254)	(859)
6.2 Derivative financial instruments gains/losses		(60,099)	(44,692)	23,846	(50,331)
6.3 Foreign exchange gains/losses (net)		47,755	55,049	(25,195)	49,503
VII. OTHER OPERATING INCOME	(5)	40,718	38,177	931	982
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		519,104	494,728	150,985	147,416
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(81,875)	(46,407)	(20,879)	5,662
X. OTHER OPERATING EXPENSES (-)	(7)	(76,191)	(89,029)	(23,615)	(42,465)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		361,034	359,292	106,491	110,633
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)	361,034	359,292	106,491	110,633
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (*)	(9)	(69,015)	(71,328)	(24,106)	(21,297)
16.1 Provision for current income taxes		(34,700)	(37,509)	(15,185)	(28,684)
16.2 Provision for deferred taxes		(34,315)	(33,819)	(8,921)	(7,387)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV+XVI)	(10)	292,019	287,964	82,385	89,336
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)	292,019	287,964	82,385	89,336
Earnings / (losses) per share (Full TL)		0.167	0.165	0.047	0.051

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

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

	Reviewed Current Period 1 January 2015– 30 September 2015	Reviewed Prior Period 1 January 2014– 30 September 2014
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(199,686)	72,745
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	32,013	-
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	(50,244)	(9,236)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	45,718	(14,397)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(172,199)	49,112
XI. CURRENT YEAR PROFIT/LOSS	292,019	287,964
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	7,693	64
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	284,324	287,900
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	119,820	337,076

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

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11

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Reviewed Current Period 30 September 2015	Reviewed Prior Period 30 September 2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		954,265	295,692
1.1.1 Interest received		824,961	437,054
1.1.2 Interest paid		(215,441)	(162,303)
1.1.3 Dividends received		8,376	9,160
1.1.4 Fees and commissions received		9,843	7,942
1.1.5 Other income		68,699	73,294
1.1.6 Collections from previously written off loans		345	8,227
1.1.7 Payments to personnel and service suppliers		(50,501)	(44,594)
1.1.8 Taxes paid		(51,699)	(115,344)
1.1.9 Others	(1)	359,977	82,256
1.2 Changes in operating assets and liabilities		(273,611)	(156,076)
1.2.1 Net (increase) decrease in financial assets		(26,039)	(15,113)
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		(1,008,855)	(1,492,411)
1.2.5 Net (increase) decrease in other assets		(476,010)	(142,566)
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		1,359,500	835,212
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	(122,207)	658,802
I. Net cash provided by/(used in) banking operations		680,654	139,616
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(597,652)	7,117
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	(100)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed asset purchases		(12,639)	(5,953)
2.4 Fixed asset sales		6,060	345
2.5 Cash paid for purchase of financial assets available for sale		(454,547)	(1,034,519)
2.6 Cash obtained from sale of financial assets available for sale		714,037	1,045,563
2.7 Cash paid for purchase of investment securities		(350,518)	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(1)	(45)	(219)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		847,168	(72,581)
3.1 Cash obtained from funds borrowed and securities issued		927,430	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(80,262)	(72,581)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	8,467	1,160
V. Net increase / (decrease) in cash and cash equivalents		938,637	75,312
VI. Cash and cash equivalents at beginning of the period		261,102	85,561
VII. Cash and cash equivalents at end of the period		1,199,739	160,873

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of financial statements:

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

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

Additional paragraph for convenience translation to English

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

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

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

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

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

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

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

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

The fixed rate Eurobond issued by the Bank and a portion of fixed rate funds borrowed are subject to fair value hedge accounting. The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest rate swaps are recognised under the statement of profit/loss.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

In the beginning and later period of the hedging transaction, the aforementioned hedging transactions are expected to offset changes occurred in the relevant period of the hedging transaction and hedged risk (attributable to hedging risk) and effectiveness tests are performed in this regard.

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

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

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

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

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward and option contracts and derivative instruments

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

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

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

IV. Explanations on interest income and expenses

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

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

V. Explanations on fees and commission income and expenses

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets

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

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

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

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

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

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

Cash, Banks and Other Financial Institutions:

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

Marketable Securities:

The Bank classifies its marketable securities in 3 groups:

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

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

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

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

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

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

Explanations on investments in associates and subsidiaries:

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued)

Loans:

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

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

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

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

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

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

VII. Explanations on impairment on financial assets

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment on financial assets (continued)

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

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

As a consequence of the regulation published in Official Gazette No. 28789 dated 8 October 2013 amending the "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", for the banks, of which the consumer loans exceed twenty five percent of total loans, general provision ratio is four percent for consumer loans which are followed under standard loans and receivables except housing loans; and is eight percent for the loans under close monitoring except housing loans. Since the consumer loans of the Bank are composed of personnel loans as of 30 September 2015 and do not exceed the ratios mentioned above, additional general loan loss provision has not been calculated. As mentioned in the regulations on the same date, the banks could apply general loan loss provision ratios of zero percent for cash and non-cash export loans which are followed as standard loans; and of five per mille and one per mille for cash and non-cash loans, respectively, for small and medium size enterprises. The Bank has started to calculate general loan loss provision thereby using the ratios after publishment date of the regulations.

VIII. Explanations on offsetting of financial assets and liabilities

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on assets held for sale and discontinued operations

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

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

XI. Explanations on goodwill and other intangible assets

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

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 SEPTEMBER 2015
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on tangible assets

Tangible assets rather than real estate, purchased before 1 January 2005, are accounted for at their restated costs as of 31 December 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment. Gain or loss resulting from disposals of the tangible assets is reflected to the income statement as the difference between the net proceeds and net book value. Normal maintenance and repair expenditures are recognized as expense.

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

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

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

XIII. Explanations on leasing transactions

The Bank as Lessor

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

The Bank as Lessee

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

XIV. Explanations on provisions and contingent liabilities

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

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on liabilities regarding employee benefits (continued)

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28227 dated 8 March 2012. It has been resolved that the transfer process has been extended two year with Council of Ministers' Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Minister Decree No:2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No:28636 and transfer need to be completed until 8 May 2014. However, it has been decided to extend the time related to transfer by the decision of Council of Minister published in the Official Gazette No. 28987 dated 30 April 2014 for one more year due to not to realize the transfer process. In accordance with the Health and Safety Law which became effective on 4 April 2015 and published in the Official Gazette No: 29335 and dated 23 April 2015 and together with some amendments and statutory decree, Council of Ministers authorized for the determination of transfer date to the Social Security institution and there is no decision taken by the Cabinet with regards to issue at the date of financial statements.

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

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2014 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 22 January 2015, as of 31 December 2014, 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on taxation (continued)

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

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

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

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

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

Transfer pricing

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

XVII. Additional explanations on borrowings

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on share certificates issued

In the meeting of the General Assembly held on 26 March 2015, it has been resolved that, paid-in capital of the Bank will be increased from TL 1.500.000 to TL 1.750.000 by adding TL 250.000. In respect of the resolution of the General Assembly, TL 234.000 of this increase will be incorporated from the profit of the year 2014, TL 16.000 of this increase will be incorporated from extraordinary reserves provided for gain on subsidiary and real estate based on article of CTL-5(1)/e. The increase in paid-in capital was approved by the BRSA on 15 May 2015.

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

XIX. Explanations on acceptances

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

XX. Explanations on government incentives

The Bank does not use government incentives.

XXI. Explanations on segment reporting

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXI. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	243.240	202.881	-	446.121
Net Fees and Commission Income	8.600	(458)	(83)	8.059
Other Income	333	-	73.989	74.322
Other Expense	(90.281)	(21.523)	(55.664)	(167.468)
Profit Before Tax	161.891	180.898	18.245	361.034
Tax Provision	-	-	-	(69.015)
Net Profit				292.019
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	14.270.322	5.959.319	353.519	20.583.160
Investment in Associates and Subsidiaries	-	-	269.758	269.758
Total Assets	14.270.322	5.959.319	623.277	20.852.918
Segment Liabilities	16.604.497	1.551.499	369.279	18.525.275
Shareholders' Equity	-	-	2.327.643	2.327.643
Total Liabilities	16.604.497	1.551.499	2.696.922	20.852.918

Prior Period (*)	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	250.698	163.014	-	413.712
Net Fees and Commission Income	6.758	448	-	7.206
Other Income	25.782	13.623	34.405	73.810
Other Expense	(49.435)	(12.116)	(73.885)	(135.436)
Profit Before Tax	233.803	164.969	(39.480)	359.292
Tax Provision				(71.328)
Net Profit				287.964
Prior Period (**)	Corporate Banking	Investment Banking	Other	Total
Segment Assets	10.980.620	4.321.846	103.005	15.405.471
Investment in Associates and Subsidiaries	-	-	295.242	295.242
Total Assets	10.980.620	4.321.846	398.247	15.700.713
Segment Liabilities	10.856.683	2.219.230	336.715	13.412.628
Shareholders' Equity	-	-	2.288.085	2.288.085
Total Liabilities	10.856.683	2.219.230	2.624.800	15.700.713

(*) Includes information of 30 September 2014

(**) Includes information of 31 December 2014.

XXII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated capital adequacy standard ratio

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

As of 30 September 2015, the Bank's capital adequacy ratio in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 13,48%.

Information related to the unconsolidated capital adequacy standard ratio

Current Period	Risk Weights (*)						
	The Bank						
	0%	20%	50%	75%	100%	150%	200%
The Amount Subject to Credit Risk	3.115.503	1.579.338	4.077.796	-	14.516.173	27	74
Risk Types							
Contingent and non-contingent claims on sovereigns	3.115.494	-	1.037.735	-	-	-	-
Contingent and non-contingent claims on regional governments and local authorities	-	-	-	-	-	-	-
Contingent and non-contingent claims on administrative units and non-commercial enterprises	-	-	-	-	1.546	-	-
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	-	1.546.989	1.015.235	-	15.220	-	-
Contingent and non-contingent claims on corporates	-	32.349	1.204.959	-	14.061.537	-	-
Contingent and non-contingent claims included in the regulatory retail portfolios	-	-	-	-	-	-	-
Contingent and non-contingent claims secured by real estate property	-	-	819.867	-	-	-	-
Past due loans	-	-	-	-	-	-	-
Higher-risk categories defined by the board	-	-	-	-	-	27	74
Securities secured by mortgage	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-
Short-term claims on banks and intermediary institutions	-	-	-	-	-	-	-
Undertakings for collective investments in transferable securities	-	-	-	-	-	-	-
Other claims	9	-	-	-	437.870	-	-

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

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

Summary information related to the unconsolidated capital adequacy standard ratio

	Current Period	Prior Period
Capital Requirement for Credit Risk (Amount subject to Credit Risk*0.08) (CRCR)	1.349.690	982.976
Capital Requirement for Market Risk (CRMR)	57.924	27.906
Capital Requirement for Operational Risk (CROR)	75.964	65.693
Shareholders' Equity	2.500.255	2.434.434
Shareholders' Equity / ((CRCR+CRMR+CROR) *12,5)*100)	13,48	18,09
Principal Capital / ((CRCR+CRMR+CROR) *12,5)*100)	12,53	16,99
Core Capital / ((CRCR+CRMR+CROR) *12,5)*100)	12,53	16,99

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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

	Current Period	Prior Period
TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	1.750.374	1.500.374
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	353.898	306.491
Other comprehensive income according to tas	104.690	128.770
Profit	292.019	369.274
Net current period profit	292.019	369.274
Prior period profit	-	-
Provisions for possible losses	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Tier I Capital Before Deductions	2.500.981	2.304.909
Deductions From Tier I Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to tas (-)	173.338	16.824
Leasehold improvements on operational leases (-)	3.204	745
Goodwill and intangible assets and related deferred tax liabilities (-)	507	690
Net deferred tax assets/liabilities (-)	-	-
Shares obtained against article 56, paragraph 4 of the banking law (-)	-	-
Investments in own common equity (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank does not own 10% of less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% of less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
Mortgage servicing rights exceeding the 10% threshold of Tier I capital (-)	-	-
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I capital (-)	-	-
Amount exceeding the 15% threshold of Tier I capital as per the article 2, clause 2 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% of more of the issued share capital not deducted from Tier I capital (-)	-	-
Mortgage servicing rights not deducted (-)	-	-
Excess amount arising from deferred tax assets from temporary differences (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Deductions from Tier I capital in cases where there are no adequate additional Tier I of Tier II capitals (-)	-	-
Total Regulatory Adjustments to Tier I Capital	177.849	18.259
Tier 1 Capital	2.323.932	2.286.650

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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)

	Current Period	Prior Period
ADDITIONAL CORE CAPITAL		
Preferred stock not included in Tier I capital and the related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained after 1.1.2014)	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained before 1.1.2014)	-	-
Additional core capital before deductions	-	-
Deductions From Additional Core Capital		
Direct and indirect investments of the bank on its own additional core capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital (-)	-	-
The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Deductions from additional core capital in cases where there are no adequate Tier II capital (-)	-	-
Total deductions from additional core capital	-	-
Total Additional Core Capital	-	-
Deductions From Core Capital		
Goodwill and other intangible assets and related deferred taxes not deducted from Tier I capital as per the temporary article 2, clause 1 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Net deferred tax asset/liability not deducted from Tier I capital as per the temporary article 2, clause 1 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Total Core Capital	2.323.932	2.286.650
TIER II CAPITAL		
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained after 1.1.2014)	-	-
Debt instruments and the related issuance premiums defined by the BRSA (issued or obtained before 1.1.2014)	20.745	23.050
Pledged assets of the shareholders to be used for the bank's capital increases	-	-
General provisions	155.973	125.194
Tier II Capital Before Deductions	176.718	148.244
Deductions From Tier II Capital		
Direct and indirect investments of the bank on its own Tier II capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier II capital (-)	-	-
The total of net long position of the direct or indirect investments in additional core capital and Tier II capital of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions From Tier II Capital	-	-
Total Tier II Capital	176.718	148.244

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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)

	Current	Prior Period
CAPITAL	2.500.650	2.434.894
Loans granted against the articles 50 and 51 of the banking law (-)	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the banking law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	395	460
Loans to banks, financial institutions (domestic/foreign) of qualified shareholders in the form of subordinated debts or debt instruments purchased from such parties and qualified as subordinated debts (-)	-	-
Deductions as per the article 20, clause 2 of the regulation on measurement and assessment of capital adequacy ratios of banks (-)	-	-
Other items to be defined by the BRSA (-)	-	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital not deducted from Tier I capital, additional core capital or Tier II capital as per the temporary article 2, clause 1 of the regulation (-)	-	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I capital not deducted from additional core capital or Tier II capital as per the temporary article 2, clause 1 of the regulation (-)	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier II capital as per the temporary article 2, clause 2, paragraph (1) and (2) and temporary article 2, clause 1 of the regulation (-)	-	-
EQUITY	2.500.255	2.434.434
Amounts Lower Than Excesses As Per Deduction Rules		
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	22.597	19.363
Remaining total of net long positions of the investments in Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% or less of the Tier I capital	146.341	162.463
Remaining mortgage servicing rights	-	-
Net deferred tax assets arising from temporary differences	-	31.668

The tables of "Summary of Capital adequacy standard ratio", "Insights of Owner's equity components" and "Insights of Consolidated Owner's equity components" stated in second paragraph of the article no.7 of the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures published in Official Gazette No. 28337 dated 28 June 2012 have been amended by the Communiqué published in Official Gazette No. 28983 dated 26 April 2014.

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

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information related to the shareholders' equity (continued)

Components of items of shareholders' equity subject to temporary applications

	The Bank	
	Amount considered in the calculation of equity of current period	Total Amount
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	507	507
Net Deferred Tax Asset/Liability	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	20.745	150.000

	The Bank	
	Amount considered in the calculation of equity of prior period	Total Amount
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	-	-
Net Deferred Tax Asset/Liability	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	23.050	115.250

Information about the debt instruments included in the equity calculation

The subordinated borrowing, which the Bank used from the International Finance Corporation (IFC) through direct financing, has the approval of BRSA and considered under the temporary Article 4 even not having the conditions stated in Article 7 and Article 8 of the "Regulation on Equities of Banks". As of 30 September 2015, 20% of the subordinated borrowing amounting TL 150.000 (50 million US Dollar) is included in calculation of additional Tier II Capital (31 December 2014: TL 115.250).

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)

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

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

II. Explanations related to credit risk

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

III. Explanations related to the market risk

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

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

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

1.a Information related to the market risk:

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard	27.083	14.030
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	3	3
Capital Requirement for Specific Risk Relating to Securitization Positions - Standard Method	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	10.250	7.328
(IV) Capital Requirement to be Employed for Commodity Risk - Standard	-	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options - Standard Method	675	2
(VII) Counterparty credit risk capital requirement - Standard method	19.913	6.543
(VIII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-	-
(IX) Total Capital Requirement to be Employed for Market	57.924	27.906
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	724.050	348.825

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to the market risk (continued)

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

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

2. Explanation related to counter party risk

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

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

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

IV. Explanations related to operational risk

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

V. Explanations related to currency risk

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

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

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

	1 US Dollar	1 Euro
The Bank's "Foreign Exchange Valuation Rate"		
30 September 2015	3,0000	3,3714
Prior Five Workdays:		
29 September 2015	3,0350	3,4183
28 September 2015	3,0150	3,3708
23 September 2015	3,0000	3,3378
22 September 2015	2,9730	3,3274
21 September 2015	2,9700	3,3579

Simple arithmetic thirty-day averages of the US Dollar and Euro buying rates of the Bank before the reporting date are full TL 2,9798 and 3,3476; respectively.

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations related to currency risk (continued)

Information on the Bank's foreign currency risk :

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	162.906	437.263	98.069	698.238
Banks	2.731	54.430	1.629	58.790
Financial Assets at Fair Value Through Profit and Loss (*)	6.507	40.679	6.823	54.009
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	36.415	865.257	-	901.672
Loans (**)	5.163.557	8.350.518	-	13.514.075
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Held-To-Maturity Investments	-	160.896	-	160.896
Derivative Financial Assets for Hedging Purposes	-	38.628	-	38.628
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	4	223.720	11	223.735
Total Assets	5.372.120	10.171.391	106.532	15.650.043
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	28.284	19.137	-	47.421
Funds Provided From Other Financial Institutions	5.534.588	8.083.787	-	13.618.375
Marketable Securities Issued	-	2.169.930	-	2.169.930
Miscellaneous Payables (****)	8.161	30.402	-	38.563
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities (*****)	7.783	90.839	5.776	104.398
Total Liabilities	5.578.816	10.394.095	5.776	15.978.687
Net Balance Sheet Position	(206.696)	(222.704)	100.756	(328.644)
Net Off-Balance Sheet Position	197.788	228.651	(98.050)	328.389
Financial Derivative Assets	905.150	1.853.358	141.149	2.899.657
Financial Derivative Liabilities	(707.362)	(1.624.707)	(239.199)	(2.571.268)
Non-Cash Loans (*****)	827.340	824.787	12.706	1.664.833
Prior Period				
Total Assets	3.761.872	7.251.694	75.873	11.089.439
Total Liabilities	4.260.541	6.850.330	-	11.110.871
Net Balance Sheet Position	(498.669)	401.364	75.873	(21.432)
Net Off-Balance Sheet Position	301.868	(287.450)	2	14.420
Financial Derivative Assets	793.853	699.758	63.998	1.557.609
Financial Derivative Liabilities	(295.946)	(1.043.824)	(138.675)	(1.478.445)
Non-Cash Loans (*****)	370.142	640.324	10.756	1.021.222

(*) Exchange rate differences arising from derivative transactions amounting to TL 148.832 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended include TL 1.520.929 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 300 and forward foreign exchange purchase transaction rediscounts amounting to TL 287 have not been included in "Other Assets".

(****) Forward foreign exchange purchase transaction rediscounts amounting to TL 285 has not been included in "Miscellaneous Payables".

(*****) Marketable securities valuation decrease fund amounting to TL 1.842 and exchange rate differences arising from derivative transactions amounting to TL 145.690 have not been included in "Other Liabilities". Borrower funds amounting TL 68.782 based on foreign currencies have been included in "Other Liabilities".

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 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	465.484	-	-	-	-	260.983	726.467
Banks	30.101	-	-	-	-	28.989	59.090
Financial Assets at Fair Value Through Profit and Loss	11.991	102.324	81.994	39.519	26.040	-	261.868
Money Market Placements	1.046.485	70.005	-	-	-	-	1.116.490
Available-for-Sale Financial Assets	478.338	712.709	364.760	740.649	571.866	36.419	2.904.741
Loans	1.547.567	5.546.996	5.278.862	1.584.592	312.305	-	14.270.322
Held-to-Maturity Investments	-	37.329	653.810	-	160.896	-	852.035
Other Assets	-	-	38.628	-	-	623.277	661.905
Total Assets	3.579.966	6.469.363	6.418.054	2.364.760	1.071.107	949.668	20.852.918
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.966.623	60	-	-	-	-	1.966.683
Miscellaneous Payables	-	-	-	-	-	123.600	123.600
Marketable Securities Issued	-	-	-	2.169.930	-	-	2.169.930
Funds Provided from Other Financial Institutions	1.518.067	5.077.949	4.585.000	898.423	1.616.618	-	13.696.057
Other Liabilities (**)	96.784	109.679	76.646	40.217	-	2.573.322	2.896.648
Total Liabilities	3.581.474	5.187.688	4.661.646	3.108.570	1.616.618	2.696.922	20.852.918
Balance Sheet Long Position	-	1.281.675	1.756.408	-	-	-	3.038.083
Balance Sheet Short Position	(1.508)	-	-	(743.810)	(545.511)	(1.747.254)	(3.038.083)
Off-Balance Sheet Long Position	-	-	-	1.100	-	-	1.100
Off-Balance Sheet Short Position	(20.643)	(16.524)	(4.033)	-	-	-	(41.200)
Total Position	(22.151)	1.265.151	1.752.375	(742.710)	(545.511)	(1.747.254)	(40.100)

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

(**) Borrower funds amounting to TL 69.204 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	0,21	-	2,33
Banks	-	1,35	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	8,77
Money Market Placements	-	-	-	12,90
Available-for-Sale Financial Assets	5,60	4,72	-	9,83
Loans	3,56	4,55	-	11,61
Held-to-Maturity Investments	-	5,59	-	10,07
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,50	0,50	-	9,79
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,24	-	-
Borrower Funds	0,50	0,50	-	6,00
Funds Provided From Other Financial Institutions	0,82	1,50	-	8,13

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

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

The interest rate risk of the banking book items

Interest rate risk caused by banking book accounts includes, Receivables from Central Bank, Receivables from Money Markets, Receivable from Banks, Available for Sale Financial Assets, Receivables from Reverse Repurchase Agreement, Receivables from Loans, Held to Maturity Investments and Other Receivables, which are monitored in banking book, in assets and includes Payables to Central Bank in banking accounts, Payables to Money Markets, Payables to Banks, Funds Provided from Repurchase Agreement, Securities Issued by the Bank, Payables to Loans, Subordinated Debts and Other Debts, all Derivatives Instruments except recorded in trading book accounts. In this nature, FR400AS in the mandatory report list of BRSA is prepared and reported monthly.

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

Current Period Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity - Loss / Shareholders' Equity
TL	+500 / (400) basis point	(104.667) / 97.371	(%4,19) / %3,89
Euro	+200 / (200) basis point	18.103 / (15.315)	%0,72 / (%0,61)
US Dollar	+200 / (200) basis point	(29.065) / 17.394	(%1,16) / %0,70
Total (for Negative Shocks)		99.450	%3,98
Total (for Positive Shocks)		(115.629)	(%4,63)

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INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to interest rate risk (continued)

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

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

VII. Explanations related to stock position risk

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

Equity shares are recognized at fair value in accordance with "TAS 39- Financial Instruments: Recognition and Measurement". Equity shares, whose fair value cannot be measured reliably are followed at their cost of acquisition and these assets are shown in the financial statements with their cost of values after the deduction of impairment provisions, if any.

Equity shares risk due from banking book

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

Current Period	Comparison		
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	142.871	-	142.871
Quoted	142.871	-	142.871
Investment in Shares-Grade B	64.575	-	64.575
Quoted	64.575	-	64.575

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

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

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SECTION FOUR (Continued)

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)

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	-	-	-	(71.919)	(71.919)	-
Other Share Certificates	-	4.543	4.543	-	-	-
Total	-	4.543	4.543	(71.919)	(71.919)	-

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

VIII. Explanations related to the liquidity risk

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

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

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

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SECTION FOUR (Continued)

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	260.983	465.484	-	-	-	-	-	726.467
Banks	28.989	30.101	-	-	-	-	-	59.090
Financial Assets at Fair Value Through Profit and Loss	-	9.455	28.506	75.302	50.647	97.958	-	261.868
Money Market Placements	-	1.046.485	70.005	-	-	-	-	1.116.490
Financial Assets Available-for-Sale	-	104.628	49.134	325.494	1.146.906	1.242.160	36.419	2.904.741
Loans	-	577.914	660.982	2.745.856	7.251.794	3.033.776	-	14.270.322
Held-to-Maturity Investments	-	-	-	-	26.017	826.018	-	852.035
Other Assets	-	-	-	38.628	-	-	623.277	661.905
Total Assets	289.972	2.234.067	808.627	3.185.280	8.475.364	5.199.912	659.696	20.852.918
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	388.488	181.331	1.886.081	5.361.680	5.878.477	-	13.696.057
Money Market Borrowings	-	1.966.623	60	-	-	-	-	1.966.683
Securities Issued	-	-	-	-	2.169.930	-	-	2.169.930
Miscellaneous Payables	-	-	-	-	-	-	123.600	123.600
Other Liabilities (**)	-	80.484	12.330	107.411	74.123	48.978	2.573.322	2.896.648
Total Liabilities	-	2.435.595	193.721	1.993.492	7.605.733	5.927.455	2.696.922	20.852.918
Liquidity Gap	289.972	(201.528)	614.906	1.191.788	869.631	(727.543)	(2.037.226)	-
Prior Period								
Total Assets	41.883	1.405.700	625.950	2.048.184	7.017.599	4.130.103	431.294	15.700.713
Total Liabilities	-	2.390.811	283.633	962.737	4.838.821	4.599.911	2.624.800	15.700.713
Liquidity Gap	41.883	(985.111)	342.317	1.085.447	2.178.778	(469.808)	(2.193.506)	-

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

(**) Borrower funds amounting to TL 69.204 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Explanations related to securitization positions

None.

X. Explanations related to credit risk mitigation techniques

Offsetting is not used as a credit risk mitigation technique. In assessments within the scope of credit risk mitigation techniques, using methods in regard to valuation and management of collaterals are realized in parallel with communiqué relating to Credit Risk Mitigation Techniques. Financial collaterals are evaluated on a daily basis in the Bank. Depending on the comprehensive financial collateral approach, risk mitigating effects of the collaterals are considered through the standard volatility adjustments. Value of the real estates subject to the collateral is determined at least once a year for commercial real estates and determined at least triennially for residential real estates. In the cases that significant changes in market conditions appear, the review is carried out at more frequent intervals. Within the communiqué, as a matter of credit risk mitigation techniques, only residences and commercial real estates (Warehouse, School, Hospital, Office and Store) which are not used for production purposes and can provide rental income are taken into consideration. In addition, land, field and orchard lands are also considered within same concept. Value of the real estates is assessed by the real estate appraisal companies, which are included in the list to provide valuation service by the CMB. Within the credit risk mitigation techniques, major collaterals that can be used by the Bank are financial collaterals (Treasury Bills, Government Bonds, Cash, Deposit Pledges, Gold, Stock Pledges), guarantees and mortgages. As of 30 September 2015, while guarantees and mortgages are used as credit risk mitigation technique, credit derivatives are not used. As of 30 September 2015 and 31 December 2014, risk amounts which credit risk mitigation techniques are used are shown below the table according to risk types.

Collaterals According to Risk Classifications

Current Period				
Risk Types	Amount (*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and credit derivatives
Contingent and Non-Contingent Claims on Sovereigns	4.390.208	102.340	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprise	4.503	1.738	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	5.530.957	2.304.757	-	-
Contingent and Non-Contingent Claims on Corporates	18.325.235	40.849	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	-	-	-	-
Contingent and Non-Contingent Claims Secured by Real Estate Property	819.938	-	-	-
Past Due Loans	-	-	-	-
Higher-Risk Categories Defined by Agency	101	-	-	-
Securities Secured by Mortgage	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Corporate	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Claims	479.538	3.052	-	-
Total	29.550.480	2.452.736	-	-

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Collaterals Which are Grouped According to Risk Types (continued)

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

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

XI. Explanations related to risk management objective and policies

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

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

Risk management process organized within the framework of risk management regulations and served to create a common risk culture throughout the Bank, is in a structure that these risks are described in line with the international regulations and are measuring, analyzing, following, monitoring and reporting within this framework. Within the framework of the mentioned structure, the Bank's Risk Management Department, continues its activities reporting to the Audit Committee, which is established to help the audit and monitoring activities of the Board of Directors in accordance with Banking Law No: 5411 and "Regulation on Internal Systems of Banks" communiqué of Banking Regulation and Supervision Agency.

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Risk Management Department is responsible for preparing risk management strategies and policies followed by the Bank, implementation, identification, measurement, monitoring, analysis, evaluation and reporting of risk management system activities.

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

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

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.

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

Operational risk management policy

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

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

Structural interest rate risk management policy

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

SECTION FOUR (Continued)

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Structural interest rate risk management policy (continued)

Maturity mismatches concerning the repricing in predetermined buckets and currency mismatches of asset and liabilities are monitored and measured. The Bank manages the interest rate risk by being aware of that it threatens the income, capital, liquidity and reputation of the Bank and it comprises of repricing risk, yield curve risk, basis risk, spread risk and option risk.

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

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

Liquidity risk management policy

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

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

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

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	9	-	8	-
Balances with the Central Bank of Turkey	28.220	698.238	31.628	476.152
Other	-	-	-	-
Total	28.229	698.238	31.636	476.152

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	28.220	3.660	31.628	2.984
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	694.578	-	473.168
Total	28.220	698.238	31.628	476.152

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

As per the Communiqué numbered 2005/1 "Reserve Deposits" of the CBRT, banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. Reserves are calculated and set aside every two weeks on Fridays for 14 days periods.

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

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

The CBRT has started to pay interest to the Required reserves, reserve options and unrestricted account held in US dollars according to regulation released at 2 May 2015.

As per the "Communiqué on Amendments to be Made on Communiqué on Required Reserves" of Central Bank of Turkey, numbered 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at Central Bank of Turkey based on rates mentioned below. Reserve rates prevailing at 30 September 2015 are presented in table below:

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

2.a.1 Trading securities:

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

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

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

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

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

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

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

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

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

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

Held for Trading Financial Derivative Instruments	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.383	344	74	28
Swap Transactions	31.604	85.900	15.366	35.307
Futures Transactions	-	-	-	-
Options	-	116.597	-	21.156
Other	-	-	-	-
Total	32.987	202.841	15.440	56.491

3. Information on banks and foreign banks account

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	300	1.689	22.052	94.555
Foreign	-	57.101	-	5.711
Branches and head office abroad	-	-	-	-
Total	300	58.790	22.052	100.266

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

3.b Information on foreign banks:

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

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1.354.732	-	2.016.726	-
Treasury bills	-	-	-	-
Other debt securities	-	79.043	-	307.313
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.354.732	79.043	2.016.726	307.313

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

All available for sale financial assets given as collateral comprise of financial assets issued by the T.R. Undersecretariat of Treasury. The carrying value of those assets is TL 737.925 (31 December 2014: TL 251.539).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	255.772	482.153	183.982	67.557
Other	-	-	-	-
Total	255.772	482.153	183.982	67.557

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

Available for sale financial assets comprise government bonds 57,39%, Eurobonds 29,18% and shares and other securities 13,43% (31 December 2014: government bonds 70,87%, Eurobonds 15,08% and shares and other securities 14,05%).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

	Current Period	Prior Period
Debt securities	2.926.216	3.482.152
Quoted on a stock exchange	1.995.962	2.929.125
Unquoted	930.254	553.027
Share certificates	49.668	43.553
Quoted on a stock exchange	26.456	24.884
Unquoted	23.212	18.669
Other Impairment provision(-)	(71.143)	(10.809)
Total	2.904.741	3.514.896

The net book value of unquoted available for sale share certificates is TL 14.810 (31 December 2014: TL 10.267).

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	108.210	117.412	84.174	117.412
Corporate shareholders	108.210	117.412	84.174	117.412
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	177	-	131	-
Total	108.387	117.412	84.305	117.412

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and disclosures related to the assets (continued)
5. Explanations on loans (continued)
- 5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Current Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Amendments on Conditions of Contract		Loans and Other receivables (Total)	Amendments on Conditions of Contract	
Cash Loans		Amendments Related To The Extension Of The Payment Plan	Other		Amendments Related To The Extension Of The Payment Plan	Other
Non-specialized loans	14.130.304	163.700	-	140.018	58.559	65.777
Corporation loans	4.857.038	-	-	10.177	10.177	-
Export loans	86.406	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.543.820	-	-	-	-	-
Consumer loans	177	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	7.642.863	163.700	-	129.841	48.382	65.777
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	14.130.304	163.700	-	140.018	58.559	65.777

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of amendments related to the extension of the payment plan		
Extended for 1 or 2 times	163.700	58.559
Extended for 3-4 or 5 times	-	-
Extended for more than 5 times	-	-

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

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	-
1-2 Years	-	43.118
2-5 Years	81.821	-
5 Years	81.879	15.441

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The time extended via the amendment on payment plan		
0-6 Months	-	-
6 Months -12 Months	-	-
1-2 Years	-	84.237
2-5 Years	69.889	-
5 Years	73.674	14.664

In relation to the disclosure of changing the conditions of the payment plans of loans, which are followed under standard loans and other receivables and loans and receivables under close monitoring subsequent to the change in the regulation on "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 27947 dated 28 May 2011; the Bank has provided general loan loss provision at a rate of 5% for one loan customer which is followed under standard loans and other receivables and for four loan customers which are followed under Loans and Other Receivables Under Close Monitoring and which have been extended more than 1 year and also provided general loan loss provision at a rate of 2,5% for one loan customer which is followed under standard loans which have been extended more than 1 year.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Explanations and disclosures related to the assets (continued)
5. Explanations on loans (continued)
5.c Loans according to their maturity structure:

Current Period	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Restructured or Rescheduled	Loans and Other Receivables (Total)	Restructured or Rescheduled
Short-term loans and other receivables	310.277	-	-	-
Non-specialized loans	310.277	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	13.820.027	163.700	140.018	124.336
Non-specialized loans	13.820.027	163.700	140.018	124.336
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

Prior Period	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Restructured or Rescheduled	Loans and Other Receivables (Total)	Restructured or Rescheduled
Short-term loans and other receivables	1.327.792	-	-	-
Non-specialized loans	1.327.792	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	9.489.260	143.563	163.568	134.750
Non-specialized loans	9.489.260	143.563	163.568	134.750
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	54	123	177
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	54	123	177
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	54	123	177

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

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

SECTION FIVE (Continued)

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

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

5. Explanations on loans (continued)

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

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

5.f Loans according to borrowers:

	Current Period	Prior Period
Public	34.989	52.621
Private	14.235.333	10.927.999
Total	14.270.322	10.980.620

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	14.176.298	10.927.175
Foreign loans	94.024	53.445
Total	14.270.322	10.980.620

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	315.715	305.972
Indirect loans granted to subsidiaries and associates	-	-
Total	315.715	305.972

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	4.123	4.456
Loans and receivables with doubtful collectability	43.334	-
Uncollectible loans and receivables	12.503	12.480
Total	59.960	16.936

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	5.847
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	5.847
Prior Period			
(Gross amounts before provisions)	-	-	3.433
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	3.433

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Prior period end balance	4.456	-	12.480
Additions (+)	43.335	-	34
Transfers from other categories of non-performing Loans (+)	-	43.334	-
Transfers to other categories of non-performing loans (-)	(43.334)	-	-
Collections (-)	(334)	-	(11)
Write-offs (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	4.123	43.334	12.503
Specific provision (-)	(4.123)	(43.334)	(12.503)
Net Balances on Balance Sheet	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Explanations and disclosures related to the assets (continued)
5. Explanations on loans (continued)
- 5.j Information on non-performing loans (net) (continued):
- 5.j.2 Movement of non-performing loans (continued):

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period			
Prior period end balance	17.327	6.378	12.548
Additions (+)	9.891	102	89
Transfers from other categories of non-performing Loans (+)	-	20.933	6.378
Transfers to other categories of non-performing loans (-)	(20.933)	(6.378)	-
Collections (-) (*)	(1.829)	(21.035)	(6.534)
Write-offs (-)	-	-	(1)
Corporate and Commercial Loans	-	-	(1)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	4.456	-	12.480
Specific provision (-)	(4.456)	-	(12.480)
Net Balances on Balance Sheet	-	-	-

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	1.719	-	38
Specific Provision (-)	(1.719)	-	(38)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	1.991	-	48
Specific Provision (-)	(1.991)	-	(48)
Net Balance on Balance Sheet	-	-	-

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

1. Explanations and disclosures related to the assets (continued)
5. Explanations on loans (continued)
- 5.j Information on non-performing loans (net) (continued):
- 5.j.4 Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful	V. Group Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	4.123	43.334	12.503
Specific Provision Amount (-)	(4.123)	(43.334)	(12.503)
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)	4.456	-	12.480
Specific Provision Amount (-)	(4.456)	-	(12.480)
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:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5. Explanations on loans (continued)

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

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

5.m Other explanations and disclosures:

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

6. Information on held-to-maturity investments

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	690.153	-	-	-
Subject to Repurchase Agreements	-	-	-	-
Total	-	-	-	-

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

	Current Period	Prior Period
Government Bonds	852.035	-
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	852.035	-

6.3 Information on held-to-maturity investments

	Current Period	Prior Period
Debt Securities		
Quoted on a Stock Exchange	691.139	-
Not Quoted	160.896	-
Impairment provision (-)	-	-
Total	852.035	-

6.4 Movement of held to maturity investments within the year

	Current Period	Prior Period
Balances at Beginning of Period	-	-
Foreign Currency Differences on Monetary Assets	4.814	-
Purchases During The Period (*)	851.289	-
Disposals Through Sales And Redemptions	(5.585)	-
Impairment Provision (-)	-	-
Interest Income Accruals	1.517	-
Balances at End of Period	852.035	-

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on associates (net)

7.a.1 Information on associates:

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

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	İş Faktoring	1.497.582	94.987	587	86.799	-	20.226	3.701	-
2	İş Finansal	3.889.413	660.406	16.679	201.387	45	50.403	53.728	110.562
3	İş Girişim	260.897	257.959	273	7.140	4.940	3.625	13.075	20.405
4	Terme (*)	14.561	3.595	303	221	-	56	(15)	-
5	Ege Tarım	11.427	11.389	8.388	91.386	-	(172)	(946)	-

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

7.a.2 Information on associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	161.038	152.328
Movements During the Period	(16.634)	8.710
Purchases	-	200
Bonus Shares Obtained	24.761	11.940
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	(41.395)	(3.430)
Balance at the End of the Period	144.404	161.038
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

Information on associates sold in the current period

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

Information on associates purchased in the current period

In the current period, the Bank has obtained bonus shares amounting TL 5.111 with a share capital increase of İş Faktoring A.Ş. amounting to TL 23.500.

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information on associates (net) (continued)

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	11.882	6.771
Leasing Companies	110.562	125.215
Financial Service Companies	-	-
Other Financial Associates	20.405	27.497

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	130.967	152.712
Associates quoted on foreign stock exchanges	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net)

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

Current Period	YFAS (*)	TSKB GYO (*)
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Share Premium	-	593
Legal Reserves	4.730	5.696
Other Comprehensive Income according to TAS	(91)	-
Current and Prior Years' Profit/Loss	4.012	27.678
Leasehold Improvements (-)	(1.102)	-
Intangible Assets (-)	(360)	(24)
Total Core Capital	71.464	183.943
Supplementary Capital	-	-
Capital	-	-
Net Available Capital	71.464	183.943

(*) The information is obtained from financial statements subject to consolidation as of 30 September 2015.

Prior Period	YFAS (*)	TSKB GYO (*)
CORE CAPITAL		
Paid-in Capital	64.275	150.000
Share Premium	-	593
Legal Reserves	4.730	5.696
Other Comprehensive Income according to TAS	(396)	-
Current and Prior Years' Profit/Loss	5.049	55.643
Leasehold Improvements (-)	(1.439)	-
Intangible Assets (-)	(463)	(15)
Total Core Capital	71.756	211.917
Supplementary Capital	-	-
Capital	-	-
Net Available Capital	71.756	211.917

(*) The information is obtained from financial statements subject to consolidation as of 31 December 2014.

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net) (continued)

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

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

8.b.1 Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YFAŞ)	Istanbul /Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	72,15

	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	13.017	11.364	1.141	455	-	1.394	2.267	-
YFAŞ (*)	430.704	72.926	3.230	17.797	930	(1.037)	1.924	-
TSKB GYO (*)	389.544	183.967	373.446	358	-	(27.964)	2.276	54.870

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

8.b.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	134.204	134.698
Movements in the period	(8.850)	(494)
Purchases	-	-
Bonus shares obtained	-	2.394
Current year share of profit	-	-
Sales	-	(233)
Revaluation increase	-	-
Provision for impairment	(8.850)	(2.655)
Balance at the end of the period	125.354	134.204
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information on subsidiaries (net) (continued)

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

Subsidiaries disposed in the current period

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

Subsidiaries purchased in the current period

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

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

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

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

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	54.870	63.720
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information on entities under common control

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

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	105	-	87	-
Between 1- 4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	105	-	87	-

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

	Current Period	Prior Period
Gross investments in finance leases	105	87
Unearned revenue from finance leases (-)	(105)	(87)
Cancelled finance leases (-)	-	-
Net investments in finance leases	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

10. Information on finance lease receivables (net) (continued)

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

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

11. Information on derivative financial assets held for hedging purposes

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	38.628	-	-
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	-	38.628	-	-

As of 30 September 2015, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for risk management purposes, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	4.860.000	38.628	-	-	-	-
FC	4.860.000	38.628	-	-	-	-
TL	-	-	-	-	-	-

11.a.1 Information on fair value hedge accounting

Current Period		Type of Risk	Fair Value Change of Hedged Item(*)	Fair Value of Hedging Instrument(*)		Income Statement Effect (Profit/Loss Through Derivative Financial Instruments)
Hedging Item	Hedged Item			Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(27.346)	23.191	-	(4.155)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(5.671)	4.721	-	(950)

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

12. Information on tangible assets (net)

Since the third quarter of the current period, the Bank changed its accounting policy and adopted revaluation method under scope of TAS 16 with respect to valuation of real estates included in tangible fixed assets. As a result of the expertise reports performed by experts who is authorized by CMB and BRSA, revaluation differences amount of TL 32.013 is accounted under the shareholders' equity. As of 30 September 2015, the net book value of real estates included in tangible fixed assets were amount of TL 4.847 before valuation.

13. Information on intangible assets

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

14. Information on investment property

The Bank has no investment property (31 December 2014: 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	15.152	12.365
Other provisions	12.000	16.600
Marketable securities	6.489	-
Employee benefit provision	1.849	1.547
Valuation of derivative instruments	-	587
Other	1.457	569
Total Deferred Tax Asset	36.947	31.668
Deferred tax liability:		
Marketable securities	-	(11.252)
Valuation of derivative instruments	(1.797)	-
Loan commissions accrual adjustment	(7.325)	(5.340)
Useful life difference of fixed assets	(146)	(133)
Other	(1.290)	(23)
Total Deferred Tax Liability	(10.558)	(16.748)
Net Deferred Tax Asset	26.389	14.920

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and disclosures related to the 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 2014: None).

16. Explanations on assets held for sale

In the current period, the Bank has no assets held for sale (31 December 2014: None).

17. Information about other assets

17.a Other assets which exceed 10% of the balance sheet total and breakdown of these which constitute at least 20% of grand total:

Other assets do not exceed 10% of total assets, excluding off-balance sheet commitments (31 December 2014: None).

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.322	225	310	26
Swap Transactions	71.494	62.587	5.061	38.499
Futures Transactions	-	-	-	-
Options	-	118.494	-	20.935
Other	-	-	-	-
Total	72.816	181.306	5.371	59.460

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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

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	10.000	379.700	3.068	189.459
From Foreign Banks, Institutions and Funds	67.682	13.086.292	-	9.687.091
Total	77.682	13.465.992	3.068	9.876.550

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	10.000	389.696	3.068	367.148
Medium and long-term	67.682	13.076.296	-	9.509.402
Total	77.682	13.465.992	3.068	9.876.550

3.c Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	-	1.872.500	-	806.750
Cost	-	1.867.978	-	806.153
Book Value	-	2.169.930	-	813.824

As of 27 October 2014, sales transactions on the issuance of bonds or similar securities amounting to maximum USD 750 million in abroad is completed and the debt instruments having nominal value of USD 350 million are determined with maturity of 30 October 2019 with fixed interest rate, five year maturity and semiannual coupon payment with an interest rate of 5,375%. Accordingly, as of 22 April 2015, the issuance of second Eurobond with nominal value of USD 350 million has been realized. The debt instruments are determined with a maturity of 22 April 2020 with fixed interest rate, five year maturity and semiannual coupon payment with an interest rate of 5,125%.

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

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

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

There are no other liabilities, which exceed 10% of the balance sheet total (31 December 2014: None).

5. Explanations on financial lease obligations (net)

5.a Explanations on finance lease payables:

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

5.b Explanations regarding operational leases:

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

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

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

6. Information on derivative financial liabilities held for risk management

The Bank has no derivative financial liabilities held for risk management as of the reporting date (31 December 2014: None).

7. Information on provisions

7.a Information on general provisions:

	Current Period	Prior Period
General Provisions	155.973	125.194
Provisions for First Group Loans and Receivables	134.565	105.337
- <i>Additional provisions for the loans with extended payment plan</i>	6.998	7.178
Provisions for Second Group Loans and Receivables	4.557	6.238
- <i>Additional provisions for the loans with extended payment plan</i>	2.928	4.945
Provisions for Non-Cash Loans	3.061	2.719
Other	13.790	10.900

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

The foreign exchange losses on the foreign currency indexed loans amount to TL 42 (31 December 2014: TL 9.776). The foreign exchange losses on the foreign currency indexed loans are net off from the loans line in the financial statements.

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

As of the reporting date, the Bank's specific provisions provided for unindemnified non cash loans amounts to TL 583 (31 December 2014: None).

7.d Information related to other provisions:

7.d.1 Provision for possible losses:

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

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

	Current Period	Prior Period
Other Provisions (*)	60.588	83.000
Total	60.588	83.000

(*) Other provisions balance includes amount to TL 60.000 for the risks related to loan portfolio, amount to TL 583 for unindemnified non-cash loans and amount to TL 5 for valuation differences based on purchasing term securities (31 December 2014: TL 83.000 provision).

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	15.182	-	32.390	-
Deferred tax liability	-	-	-	-
Total	15.182	-	32.390	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	15.182	32.390
Taxation of securities	532	500
Property tax	-	-
Banking and Insurance Transaction Tax (BİTT)	2.763	2.101
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	179	161
Other	1.147	1.027
Total	19.803	36.179

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	23	20
Unemployment insurance-Employer	45	40
Other	-	-
Total	68	60

8.b Explanations on deferred taxes liabilities:

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on liabilities regarding assets held for sale

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

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

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

11. Information on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.750.000	1.500.000
Preferred stock	-	-

11.b Paid-in capital amount, explanation as to whether the registered share capital system ceiling is applicable at bank, if so, amount of registered share capital:

Capital System	Paid-in capital	Ceiling
Registered Capital System	1.750.000	2.500.000

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

In the meeting of the General Assembly held on 26 March 2015, it has been resolved that, paid-in capital of the Bank will be increased from TL 1.500.000 to TL 1.750.000 by adding TL 250.000. In respect of the resolution of the General Assembly, TL 234.000 of this increase will be incorporated from the profit of the year 2014, TL 16.000 of this increase will be incorporated from extraordinary reserves provided for gain on subsidiary and real estate based on article of CTL-5(1)/e. The increase in paid-in capital was approved by the BRSA on 15 May 2015.

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

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

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

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

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

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

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

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

11.g Information on preferred shares:

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

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	(67.068)	-	(16.824)	-
Valuation Differences	(35.670)	(1.842)	68.538	50.912
Foreign Exchange Difference	2.994	-	-	-
Total	(99.744)	(1.842)	51.714	50.912

III. Explanations related to the off-balance sheet items

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Forward Purchase and Sales of Assets	324.138	53.655
Commitments for Use Guaranteed Credit Allocation	-	59.930
Commitments for Stock Brokerage Purchase and Sales	48.394	1.316
Commitments for Letter of Credit	19.918	15.275
Commitments from Forward Short Term Borrowing and Transfers	-	19.674
Commitments for option forward premiums	-	-
Other	165.975	3.063
Total	558.425	152.913

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

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

As of the reporting date, total letters of credit, surety and acceptances amount to TL 825.201 (31 December 2014: TL 496.097).

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

As of the reporting date, total letters of guarantee given by the Bank is TL 1.282.897 (31 December 2014: TL 956.972).

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

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	704.444	-
With maturity of one year or less than one year	45.874	-
With maturity of more than one year	658.570	-
Other non-cash loans	1.403.654	1.453.069
Total	2.108.098	1.453.069

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

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

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

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

2. Information related to derivative financial instruments

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

3. Explanations on loan derivatives and risk exposures

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

4. Explanations on contingent liabilities and assets

There are 30 legal cases against the Bank which are amounting TL 1.073 as of the reporting date (31 December 2014: TL 1.067 - 25 legal cases).

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

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

A similar case has been submitted to the Constitutional Court (AYM) in the form of individual remedies by the main shareholder of the parent Bank in relation to the parent Bank's liabilities to pay, the Constitutional Court gave the decision with court file number 2014/6192. According to court decision published in the Official Gazette dated 21 February 2015 and numbered 29274, the assessments against the parent Bank was contrary to the principle of legality and the Parent Bank's property rights has been violated. This decision is considered to be a precedent for the parent Bank and an amount of TL 12.750 corresponding to the portion that the parent Bank was obliged to pay for the related period is recognised as income in the current period.

5. Custodian and intermediary services:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	20.861	2.140	16.355	15.095
Medium and long term loans	98.940	370.597	88.808	243.529
Interest on non-performing loans	190	122	2.082	1.201
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	119.991	372.859	107.245	259.825

(*) 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 (*)	648	-	-	-
Domestic banks	2.613	97	324	10
Foreign banks	140	109	188	-
Branches and head office abroad	-	-	-	-
Total	3.401	206	512	10

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

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	1.122	35	298	19
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	183.903	37.022	189.373	19.777
Investments Held to Maturity	1.276	886	-	-
Total	186.301	37.943	189.671	19.796

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	8.667	8.535

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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	4.900	12.851	695	5.499
The Central Bank of Turkey	-	-	-	-
Domestic banks	1.832	880	685	533
Foreign banks	3.068	11.971	10	4.966
Branches and head office abroad	-	-	-	-
Other financial institutions	-	111.561	-	71.913
Total (*)	4.900	124.412	695	77.412

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

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

The Bank has no interest expense to its associates and subsidiaries (30 September 2014: None)

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued (*)	-	66.905	-	-

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

3. Information on dividend income

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

4. Information on net trading income (net)

	Current Period	Prior Period
Profit	1.130.892	361.454
Gains on capital market operations	10.669	2.084
Gains on derivative financial instruments (*)	609.198	145.122
Foreign exchange gains	511.025	214.248
Losses (-)	(1.140.294)	(349.344)
Losses on capital market operations	(7.730)	(3.331)
Losses on derivative financial instruments (*)	(669.297)	(186.814)
Foreign exchange losses	(463.267)	(159.199)

(*) The foreign exchange gain from derivative transactions amounting to TL 263.619 is presented in "Gains on derivative financial instruments" (30 September 2014: TL 74.612), foreign exchange loss from derivative transactions amounting to TL (263.209) is presented in "Losses on derivative financial instruments" (30 September 2014: TL (130.698)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	23.345	25.782
Gains on Sale of Assets	54	10.807
From Associate and Subsidiary Sales (*)	-	9.922
From Immovable Fixed Asset Sales	53	311
From Property Sales	1	574
From Other Asset Sales	-	-
Other (**)	17.319	1.588
Total	40.718	38.177

(*) As of 31 January 2014, the Parent Bank has sold all Takasbank-İstanbul Takas ve Saklama Bankası A.Ş. shares representing 5% of its shares, which was held in available for sale portfolio, with nominal amount of TL 21,000 and with a cost of TL 23,468 to Borsa İstanbul A.Ş. at a price of TL 33,390 and the sale amount was collected within the same day.

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	43.952	3.231
III. Group	1	3.145
IV. Group	43.917	-
V. Group	34	86
General provision expenses	30.779	14.743
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	7.144	3.883
Trading securities	-	-
Investment securities available for sale	7.144	3.883
Impairment provisions	-	291
Associates	-	291
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other (*)	-	24.259
Total	81.875	46.407

(*) Other provision contains amounting to TL 20.000 in the prior period allocated for the risks related to the loan portfolio.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Information related to other operating expenses

	Current Period	Prior Period
Personnel expenses	46.988	41.239
Reserve for employee termination benefits	1.045	413
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1.412	782
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	228	220
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	16	842
Depreciation expenses of assets for resale	13	24
Impairment expenses of assets held for sale	-	-
Other operating expenses	14.898	12.850
Rent expenses	6.075	5.542
Maintenance expenses	706	305
Advertisement expenses	438	289
Other expenses	7.679	6.714
Loss on sale of assets	-	-
Other	11.591	32.659
Total	76.191	89.029

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

As of 30 September 2015, the Bank's profit before tax has increased by 0,48% compared to the prior period (30 September 2014: 19,05% increase). Net interest income of the Bank has increased by 7,83% compared to the prior period (30 September 2014: 17,62% increase).

9. Information on tax provision for continued and discontinued operations

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

The Bank's current tax charge for the period is TL 34.766 (30 September 2014: TL 87.809). Deferred tax charge is TL 34.249 (30 September 2014: TL 16.481 deferred tax income).

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

Deferred tax charge calculated on temporary differences is TL 34.249 (30 September 2014: TL 16.481 deferred tax income).

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 30 September 2015, the deferred tax charge was calculated based on temporary timing differences, is TL 34.249 (30 September 2014: TL 16.481 deferred tax income). There is no deferred tax benefit or charge reflected in the income statement on carry forward tax losses, tax deductions and exceptions (30 September 2014: None).

In addition, TL 45.718 deferred tax income, which is calculated over the fair value differences on available for sale securities, is offset against the available for sale securities value increase fund item under equity (30 September 2014: TL 14.397 deferred tax expense).

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

As of 30 September 2015, the current net profit of the Bank has increased by 1,41% compared to the prior net profit (30 September 2014: 17,75%).

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 779.250 of interest income, TL 333.129 of interest expenses and TL 8.059 of net fee and commission income from banking operations (30 September 2014: TL 589.798 interest income, TL 176.086 interest expense, TL 7.206 net fee and commission income).

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

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

11.c Minority share of profit and loss:

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (30 September 2014: None).

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

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations related to statement of cash flows

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

VII. Explanations on the risk group of the Bank

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

1.a Current Period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	305.972	264	72.954	117.412	79.003	-
Balance at End of Period	315.715	322	74.463	117.412	100.646	-
Interest and Commission Income	8.663	4	1.222	220	3.238	-

1.b Prior Period:

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	261.703	262	112.840	117.413	91.627	-
Balance at End of Period	305.972	264	72.954	117.412	79.003	-
Interest and Commission Income (*)	8.530	5	1.687	220	3.190	-

(*) The information is related to 30 September 2014.

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

The Bank is not authorized to accept deposits.

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

The Bank has foreign currency swaps buy amounting to TL 88.828, foreign currency swaps sell amounting to TL 86.399, forward foreign exchange buy transactions amounting to TL 297 and forward foreign exchange sell transactions amounting to TL 268 made with Bank's own risk group (31 December 2014 : foreign currency swaps buy TL 47.621, foreign currency swaps sell TL 49.393). As of 30 September 2015, gain or loss from these transactions is TL 2.897 and this amount is associated with income statement (31 December 2014: TL (1.255)).

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

Benefits provided to the key management personnel in the current period amount to TL 6.893 (30 September 2014: TL 5.931).

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

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

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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank

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

FITCH RATINGS

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

International credit rating agency Fitch Ratings confirmed the Bank's ratings and "stable" prospectus without changing as of 15 October 2015 and determined Bank's "Privileged Unsecured Debt Notes" as BBB- for the Eurobonds maturity with 30 October 2019 and 22 April 2020.

MOODY'S

Reference Financial Rating Note	Ba2
Foreign Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Short-term Maturity	P-3
Domestic Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Short-term Maturity	P-3
Unsecured Debt-Foreign Currency (issuer)	
Long-term Maturity	Baa3
Outlook	Negative
Foreign Currency/Domestic Currency MTN Note:	(P) Baa3

Information above represents updated information as of 23 October 2015.

International credit rating agency Moody's, assigned "Unsecured Debt - Foreign Currency" rating note for the Parent Bank issuing Eurobonds maturity with 30 October 2019 and 22 April 2020 and this note has been appointed as Baa3.

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

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, updated the Bank's corporate governance rating of 95,19% (9,52 over 10) as of 20 October 2015. Ratings under the main topics of weighted Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors are declared as; 9,49 (Weight: 25%), 9,65 (Weight: 25%), 9,85 (Weight: 15%), 9,31 (Weight: 35%) over 10 respectively.

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SECTION SIX (Continued)

OTHER EXPLANATIONS (Continued)

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

None.

SECTION SEVEN

AUDITORS' REVIEW REPORT

I. Explanations on the auditors' review report

The unconsolidated financial statements as of and for the nine-month period ended 30 September 2015 were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and auditors' review report dated 28 October 2015 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors

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