



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Six-month Period Ended 30 June 2010
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

10 August 2010

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



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**
Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com

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

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

We have reviewed the unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") as of 30 June 2010 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the six-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review. The financial statements of the Bank as of and for the year ended 31 December 2009 and, as of and for the six month period ended 30 June 2009 were audited and reviewed, respectively by another auditor who expressed an unqualified opinion in their report dated 10 February 2010 for the financial statements as of 31 December 2009 and an unqualified review report dated 6 August 2009 for the financial statements as of 30 June 2009.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as of 30 June 2010 and the results of its operations and its cash flows, for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency.

İstanbul,
10 August 2010

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Murat Alsan
Partner

Additional paragraph for convenience translation to English:

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2010**

E-Mail Address for Contact Person: nazlicaa@tskb.com.tr

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

- GENERAL INFORMATION ABOUT THE 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
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

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

August 10, 2010



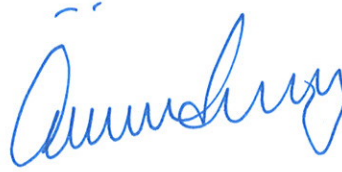
H. Ersin ÖZİNCE

**Chairman of
Board of Directors**



Şeniz YARCAN

**Deputy
General Manager**



Ömer ERYILMAZ

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



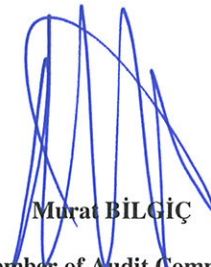
Mustafa GÖKTAŞ

**Head of Financial
Control Department**



Kemal Serdar DIŞLI

Member of Audit Committee



Murat BİLGİÇ

Member of Audit Committee

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

Name-Surname / Title : Ayşe Nazlıca / Head of Budgeting and Planning

Telephone Number : (212) 334 51 94

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2010
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

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

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

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

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

Current Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	355.514	50,79	355.514	-
T. Vakıflar Bankası T.A.O.	58.642	8,38	58.642	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	285.831	40,83	285.831	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	700.000	100,00	700.000	-

Prior Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	300.720	50,12	300.720	-
T. Vakıflar Bankası T.A.O.	50.265	8,38	50.265	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	249.002	41,50	249.002	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	600.000	100,00	600.000	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2010
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Cont'd)

GENERAL INFORMATION (Cont'd)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistant General Managers and Their Shares in the Bank

Title (*)	Name and Surname	Academic Background	Task	Experience in Banking and Management
				Before Appointment
Chairman of the Board of Directors	H. Ersin Özince	Undergraduate		33 years
Vice Chairman of the Board of Directors	Murat Vulkan (**)	Undergraduate		28 years
Members of the Board of Directors	Yavuz Canevi	Postgraduate		13 years
	Mustafa Baran Tuncer	Doktorate		28 years
	Ertan Burhanettin Kantar	Undergraduate		16 years
	Kemal Serdar Dişli	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
	Remzi Altınok (****)	Undergraduate		17 years
	Memduh Aslan Akçay	Postgraduate		17 years
	Uygar Şafak Ögün (**)	Postgraduate		15 years
Members of the Board of Directors and General Manager	Halil Eroğlu	Undergraduate	CEO	24 years
Members of Audit Committee	Kemal Serdar Dişli	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
Executive Vice Presidents	Şemseddin Arat	Postgraduate	Information Technology and Human Resources	23 years
	A.Orhan Beşkök	Postgraduate	Technical Services	19 years
	Şeniz Yarcın	Undergraduate	Treasury, Investment Banking and External Relation	16 years
	Burak Akgüç	Undergraduate	Corporate Marketing	14 years
	Ömer Eryılmaz	Undergraduate	Financial Control and Securities	20 years
	Çiğdem İçel	Undergraduate	Operations	17 years
	Ufuk Bala Yücel	Undergraduate	Loans	20 years
Statutory Auditors	Zeynep Hansu Uçar	Undergraduate	Auditor	13 years
	Mete Uluyurt	Postgraduate	Auditor	12 years

Changes

<u>Title</u>	<u>Resigned</u>	<u>Appointed</u>
Vice Chairman and Member of Board of Directors	Kadir Akgöz (**)	U. Şafak Ögün
Member of Board of Directors	Süleyman Kalkan (***)	Murat Vulkan

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

(**) In the Board of Directors meeting with number 1932 held on 2 April 2010, resignation of Kadir Akgöz, the member of the Board of Directors, was approved. U. Şafak Ögün and Murat Vulkan were elected as members of the Board of Directors. On 13 April 2010, U. Şafak Ögün and Murat Vulkan have started their duties as members of the Board of Directors. Murat Vulkan was elected Vice Chairman of the Board of Directors on 15 June 2010.

(***) Süleyman Kalkan resigned his duty of member of the Board of Directors on 19 March 2010.

(****) Remzi Altınok resigned on 21 July 2010, Yonca Koçak was replaced within the frame of Turkish Commercial Law Article No.315.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2010
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Cont'd)

GENERAL INFORMATION (Cont'd)

IV. Information about the Persons and Institutions that have Qualified Shares

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

Current Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	355.514	50,79	355.514	-
T. Vakıflar Bankası T.A.O.	58.642	8,38	58.642	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	285.831	40,83	285.831	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	700.000	100,00	700.000	-

Prior Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	300.720	50,12	300.720	-
T. Vakıflar Bankası T.A.O.	50.265	8,38	50.265	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	249.002	41,50	249.002	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	600.000	100,00	600.000	-

V. Summary on the Bank's Functions and Areas of Activity

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") is the first private investment and development bank which was established by the Council of Ministers' resolution number of 3/11203 established in 1950 with the support of World Bank, T.R. Government, T.R. Central Bank and commercial banks. As per the articles of association published in the Official Gazette on 2 June 1950, the aim of TSKB is to support all private sector investments but specifically industrial sectors, to help domestic and foreign capital investors to finance the new firms and to help the development of Turkish capital markets. The Bank is succeeding its aim of developing private sector by giving, 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 has supported the development of the private sector by extending medium-term loans to more than 4.000 firms. Since 1960's the Bank had continued to finance over 100 firms by investing in these entities as a shareholder. The Bank has also participated in improvement of capital markets by organizing public offerings of some firms.

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

TSKB Bahrain Branch, is the only branch of TSKB in abroad, started its operations on 18 January 2005 after obtaining the off-shore banking license from Bahrain Central Bank (BMA) on 30 December 2004. The mission of the branch is to expand to Middle East and exercise all activities including capital market transactions and giving foreign currency loans.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Unconsolidated Balance Sheet as of 30 June 2010 (Statement of Financial Position)
(In Thousands of Turkish Lira)

ASSETS	Note Ref	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2010			31 December 2009		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	1.079	28.410	29.489	566	20.504	21.070
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	61.296	9.641	70.937	38.510	4.262	42.772
2.1 Trading financial assets		61.296	9.641	70.937	38.510	4.262	42.772
2.1.1 Public sector debt securities		26.299	-	26.299	30.956	-	30.956
2.1.2 Share certificates		26.585	-	26.585	-	-	-
2.1.3 Derivative financial assets held for trading		7.736	9.641	17.377	7.021	4.262	11.283
2.1.4 Other marketable securities		676	-	676	533	-	533
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 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	164.503	85.013	249.516	121.623	33.385	155.008
IV. MONEY MARKET PLACEMENTS		-	15.821	15.821	-	-	-
4.1 Interbank money market placements		-	15.821	15.821	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.599.147	557.524	2.156.671	1.654.273	492.976	2.147.249
5.1 Share certificates		32.436	2.957	35.393	18.529	2.957	21.286
5.2 Public sector debt securities		1.558.043	424.317	1.982.360	1.614.947	350.088	1.965.035
5.3 Other marketable securities		8.668	130.250	138.918	20.997	139.931	160.928
VI. LOANS	(5)	1.558.021	2.481.450	4.039.471	1.649.799	2.169.835	3.819.634
6.1 Loans		1.558.021	2.481.450	4.039.471	1.649.799	2.169.835	3.819.634
6.1.1 Loans to risk group of the Bank		203.840	115.408	319.248	204.013	77.940	281.953
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1.354.181	2.366.042	3.720.223	1.445.786	2.091.895	3.537.681
6.2 Non-performing loans		11.144	3.683	16.829	15.990	5.685	21.675
6.3 Specific provisions (-)		(11.144)	(5.685)	(16.829)	(15.990)	(5.685)	(21.675)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	292.045	-	292.045	280.529	-	280.529
8.1 Public sector debt securities		292.045	-	292.045	280.529	-	280.529
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	112.797	-	112.797	101.686	-	101.686
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		112.797	-	112.797	101.686	-	101.686
9.2.1 Financial investments		106.821	-	106.821	93.406	-	93.406
9.2.2 Non-financial investments		5.976	-	5.976	8.280	-	8.280
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	136.149	-	136.149	142.539	-	142.539
10.1 Unconsolidated financial subsidiaries		135.721	-	135.721	142.160	-	142.160
10.2 Unconsolidated non-financial subsidiaries		428	-	428	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)	-	92.026	92.026	271	134.805	135.076
12.1 Finance lease receivables		-	95.935	95.935	285	141.568	141.853
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(3.909)	(3.909)	(14)	(6.763)	(6.777)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		16.780	1	16.781	22.222	1	22.223
XV. INTANGIBLE ASSETS (Net)		520	-	520	518	-	518
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		520	-	520	518	-	518
XVI. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET	(13)	23.929	-	23.929	25.117	-	25.117
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		23.929	-	23.929	25.117	-	25.117
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(14)	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(15)	3.926	13.258	17.184	1.840	9.368	11.208
TOTAL ASSETS		3.970.192	3.283.144	7.253.336	4.039.493	2.865.136	6.904.629

The accompanying notes form an integral part of these financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Unconsolidated Balance Sheet as of 30 June 2010 (Statement of Financial Position)
(In Thousands of Turkish Lira)

LIABILITIES	Note Ref	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2010			31 December 2009		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1.225	9.796	11.021	7.271	4.707	11.978
III. FUNDS BORROWED	(3)	5.877	4.481.971	4.487.748	24.158	4.304.057	4.328.215
IV. MONEY MARKET BALANCES		1.237.396	145.508	1.382.904	1.238.284	46.409	1.284.693
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		1.237.396	145.508	1.382.904	1.238.284	46.409	1.284.693
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. SGNDRY CREDITORS		45.075	17.223	62.298	37.171	14.917	52.088
VIII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
10.1 Finance lease payables		-	2	2	-	3	3
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(2)	(2)	-	(3)	(3)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	99.270	-	99.270	96.737	101	96.838
12.1 General loan loss provisions		36.131	-	36.131	33.463	-	33.463
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		3.788	-	3.788	2.980	-	2.980
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		59.351	-	59.351	60.294	101	60.395
XIII. TAX LIABILITY	(9)	13.931	-	13.931	14.679	-	14.679
13.1 Current tax liabilities		13.931	-	13.931	14.679	-	14.679
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(8)	-	79.550	79.550	-	75.343	75.343
XVI. SHAREHOLDERS' EQUITY	(10)	1.099.233	17.391	1.116.614	1.027.494	13.301	1.040.795
16.1 Paid-in capital		700.000	-	700.000	600.000	-	600.000
16.2 Capital reserves		55.034	17.381	72.415	68.810	13.301	82.111
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		23.486	17.381	40.867	40.058	13.301	53.359
16.2.4 Tangible assets revaluation differences		31.174	-	31.174	28.378	-	28.378
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	374	-	374
16.3 Profit reserves		221.736	-	221.736	183.796	-	183.796
16.3.1 Legal reserves		73.559	-	73.559	55.900	-	55.900
16.3.2 Statutory reserves		36.929	-	36.929	28.184	-	28.184
16.3.3 Extraordinary reserves		108.328	-	108.328	96.792	-	96.792
16.3.4 Other profit reserves		2.920	-	2.920	2.920	-	2.920
16.4 Profit or loss		122.463	-	122.463	174.888	-	174.888
16.4.1 Prior years' income/losses		-	-	-	-	-	-
16.4.2 Current year income/loss		122.463	-	122.463	174.888	-	174.888
16.5 Minority shares	(11)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		2.502.007	4.751.329	7.253.336	2.445.794	4.458.835	6.904.629

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Unconsolidated Statement of Off-Balance Sheet Contingencies and Commitments as of 30 June 2010
(In Thousands of Turkish Lira)

	Note Ref	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2010			31 December 2009		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1.400.517	3.845.531	5.246.048	968.073	2.955.363	3.923.436
I. GUARANTEES AND COLLATERALS	(1)	339.098	430.085	769.183	344.963	371.420	716.383
1.1 Letters of guarantee		255.584	90.412	345.996	268.406	89.355	357.761
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		255.584	90.412	345.996	268.406	89.355	357.761
1.2 Bank loans		-	-	-	-	-	-
1.2.1 Import letters of acceptance		-	-	-	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	234.074	234.074	-	180.321	180.321
1.3.1 Documentary letters of credit		-	234.074	234.074	-	180.321	180.321
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		83.514	105.599	189.113	76.357	101.744	178.301
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		459.544	764.635	1.224.179	339.788	520.600	860.388
2.1 Irrevocable commitments		110.998	250.020	361.018	150.526	160.802	311.328
2.1.1 Forward asset purchase and sales commitments		110.868	250.020	360.888	150.526	160.802	311.328
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		-	-	-	-	-	-
2.1.5 Securities underwriting commitments		130	-	130	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		-	-	-	-	-	-
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		348.546	514.615	863.161	189.262	359.798	549.060
2.2.1 Revocable loan granting commitments		348.546	514.615	863.161	189.262	359.798	549.060
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		601.875	2.650.811	3.252.686	283.322	2.063.343	2.346.665
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		601.875	2.650.811	3.252.686	283.322	2.063.343	2.346.665
3.2.1 Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1 Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2 Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2 Swap transactions related to f.c. and interest rates		178.012	565.767	743.779	107.972	146.224	254.193
3.2.2.1 Foreign currency swaps-buy		72.943	129.265	202.208	72.943	52.886	125.829
3.2.2.2 Foreign currency swaps-sell		105.069	93.472	198.541	35.029	88.786	123.815
3.2.2.3 Interest rate swaps-buy		-	171.515	171.515	-	2.238	2.238
3.2.2.4 Interest rate swaps-sell		-	171.515	171.515	-	2.311	2.311
3.2.3 Foreign currency, interest rate and securities options		394.738	614.959	1.009.717	129.550	251.006	380.556
3.2.3.1 Foreign currency options-buy		214.054	263.153	477.207	64.775	96.428	161.203
3.2.3.2 Foreign currency options-sell		180.704	291.526	472.230	64.775	96.428	161.203
3.2.3.3 Interest rate options-buy		-	30.140	30.140	-	29.075	29.075
3.2.3.4 Interest rate options-sell		-	30.140	30.140	-	29.075	29.075
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	1.470.085	1.470.085	-	1.643.661	1.643.661
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	1.470.085	1.470.085	-	1.643.661	1.643.661
3.2.6 Other		29.105	-	29.105	45.800	22.455	68.255
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.979.957	20.093.506	23.073.463	2.671.763	11.792.830	14.464.593
IV. ITEMS HELD IN CUSTODY		1.656.425	197.371	1.853.796	1.704.499	105.283	1.809.782
4.1 Assets under management		7.731	282	8.013	7.513	1.179	8.692
4.2 Investment securities held in custody		330.062	197.089	527.151	360.219	104.104	464.323
4.3 Checks received for collection		106	-	106	152	-	152
4.4 Commercial notes received for collection		-	-	-	-	-	-
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		4.601	-	4.601	4.592	-	4.592
4.8 Custodians		1.313.925	-	1.313.925	1.332.023	-	1.332.023
V. PLEDGED ITEMS		1.323.532	19.896.135	21.219.667	967.264	11.687.547	12.654.811
5.1 Marketable securities		117	745.096	745.213	20	313.643	313.663
5.2 Guarantee notes		40.191	1.647.717	1.687.908	30.475	1.749.049	1.799.524
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		81.510	3.756.596	3.838.106	107.369	3.883.562	3.990.931
5.6 Other pledged items		1.201.714	13.746.726	14.948.440	809.400	5.541.293	6.350.693
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		4.380.474	23.939.037	28.319.511	3.639.836	14.748.193	18.388.029

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Unconsolidated Income Statement for the period ended 30 June 2010
(In Thousands of Turkish Lira)

INCOME / (LOSS) ACCOUNTS	Note Ref	Reviewed	Reviewed	Reviewed	Reviewed
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		1 January - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2010	1 April - 30 June 2009
I. INTEREST INCOME	(1)	216.895	274.213	103.778	106.498
1.1 Interest on loans		93.818	140.563	50.502	43.234
1.2 Interest received from reserve deposits		9	130	5	7
1.3 Interest received from banks		4.083	2.959	2.602	1.110
1.4 Interest received from money market placements		67	55	49	19
1.5 Interest received from marketable securities portfolio		116.706	125.043	49.850	57.988
1.5.1 Held-for-trading financial assets		2.114	703	2.112	187
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		97.620	119.975	38.920	54.601
1.5.4 Investments held-to-maturity		16.972	3.365	8.818	3.200
1.6 Finance lease income		1.987	5.401	844	2.119
1.7 Other interest income		195	53	126	21
II. INTEREST EXPENSES	(2)	(66.786)	(163.644)	(33.094)	(47.181)
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(22.692)	(113.687)	(11.153)	(23.132)
2.3 Interest on money market borrowings		(41.688)	(49.782)	(21.939)	(23.794)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(6)	(255)	(2)	(255)
III. NET INTEREST INCOME (I - II)		150.109	110.569	70.684	59.317
IV. NET FEES AND COMMISSIONS INCOME		5.758	2.624	4.014	1.437
4.1 Fees and commissions received		6.828	3.126	4.564	1.692
4.1.1 Non-cash loans		1.858	1.574	960	871
4.1.2 Other		4.970	1.552	3.604	821
4.2 Fees and commissions paid		(1.070)	(302)	(550)	(255)
4.2.1 Non-cash loans		(1)	(1)	(1)	-
4.2.2 Other		(1.069)	(301)	(549)	(255)
V. DIVIDEND INCOME		22.652	18.519	15.947	16.441
VI. NET TRADING INCOME	(3)	1.757	2.679	2.538	4.624
6.1 Securities trading gains/ (losses)		(1.697)	1.362	(851)	1.901
6.2 Derivative financial instruments gains/losses		1.476	5.471	4.946	12.793
6.3 Foreign exchange gains/losses (net)		1.978	(4.554)	(1.517)	(10.130)
VII. OTHER OPERATING INCOME	(4)	7.560	19.047	4.868	6.151
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		188.136	153.438	98.051	87.976
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	(6.074)	(17.637)	1.656	(8.193)
X. OTHER OPERATING EXPENSES (-)	(6)	(30.072)	(27.273)	(15.988)	(13.901)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		151.990	108.528	83.719	65.876
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)	151.990	108.528	83.719	65.876
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (4)	(7)	(29.527)	(17.734)	(16.895)	(9.176)
16.1 Provision for current income taxes		(27.101)	(29.926)	(12.200)	(16.747)
16.2 Provision for deferred taxes		(2.426)	12.192	(4.695)	7.571
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV+XVI)		122.463	90.794	66.824	56.700
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 (4)		-	-	-	-
21.1 Provision for current income taxes		-	-	-	-
21.2 Provision for deferred taxes		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX+XXI)		-	-	-	-
XVIII. NET PROFIT/LOSS (XVII+XXII)	(9)	122.463	90.794	66.824	56.700
23.1 Group's profit/loss		122.463	90.794	66.824	56.700
23.2 Minority shares		-	-	-	-
Earnings/(losses) per share		4.175	4.151	0.095	0.081

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Unconsolidated Statement of Profit-Loss Items Accounted for under Shareholders' Equity for the period ended 30 June 2010
(In Thousands of Turkish Lira)

PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY	Reviewed	Reviewed
	CURRENT PERIOD	PRIOR PERIOD
	1 January - 30 June 2010	1 January - 30 June 2009
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	16,335	58,928
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	(5,081)	13,376
IX. DEFERRED TAX OF VALUATION DIFFERENCES	1,238	(10,436)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	12,492	61,868
XI. CURRENT YEAR PROFIT/LOSS	122,463	90,794
I.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(289)	2,880
I.2 Reclassification of and recycling derivatives accounted for cash flow hedge purposes to Income Statement	-	-
I.3 Recycling hedge of net investments in foreign operations to Income Statement	-	-
I.4 Other	122,752	87,914
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	134,955	152,662

CHANGES IN SHAREHOLDER'S EQUITY

CURRENT PERIOD
 (30/06/2010)

	Note Ref	Paid in Capital	Inflation on Paid in Capital	Share Premiums	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income / (Loss)	Marketable securities value increase / fund	Tangible and intangible assets revaluation differences	Bonus shares obtained from associates, subod and jointly controlled entities	Hedging funds	Acc. val. assets held for sale and from disc. op.	Total Equity Attributable to Parent	Minority Shares	Total Shareholders' Equity
I. Opening Balance		600.000	374			55.000	28.184	96.792	2.020		174.888	53.359	28.378				1.040.796		1.040.796
Changes during the period																			
II. Issuance of Debt/over related to merger																			
III. Marketable securities value increase / fund																			
IV. Hedging funds (if hedge is positive)																			
4.1 Cash-flow hedge																			
4.2 Hedge of net investment in foreign operations																			
V. Tangible assets revaluation differences																			
VI. Intangible assets revaluation differences																			
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vents)																			
VIII. Foreign exchange differences																			
IX. The disposal of assets																			
X. The reclassification of assets																			
XI. The effect of change in equities of associates on bank's equity																			
XII. Capital increase		120.000																	
12.1 Cash																			
12.2 Internal sources		100.000																	
XIII. Share issuance																			
XIV. Share cancellation profits																			
XV. The effect of inflation on paid-in capital																			
XVI. Other																			
XVII. Period net income										122.463							122.463		122.463
XVIII. Profit distribution																			
18.1 Dividends distributed																			
18.2 Transfers to reserves																			
18.3 Other																			
Closing Balance (I-II-III+...-XVI-XVII-XVIII)		700.000	374			73.559	36.979	103.328	2.920	122.463		40.867	31.174				1.116.611		1.116.611

CHANGES IN SHAREHOLDER'S EQUITY																			
	Note Ref	Paid in Capital	Inflation on Paid in Capital	Share Premium	Share Certificate Cancellation	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income / (Loss)	Marketable securities value increase / (decrease)	Tangible and intangible assets revaluation differences	Bonus shares obtained from associates, sub- and jointly controlled entities	Hedging funds	Acc. val. assets held for sale and from disc. op.	Total Equity Attributable to Parent	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD (30/06/2009)																			
I. Opening Balance		500.000	374	-	-	42.581	22.235	99.779	2.920	-	118.981	(65.191)	28.378	-	-	-	750.057	-	750.057
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The effects of changes in accounting policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I-II)		500.000	374	-	-	42.581	22.235	99.779	2.920	-	118.981	(65.191)	28.378	-	-	-	750.057	-	750.057
Changes during the period																			
IV. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	61.808	-	-	-	-	61.808	-	61.808
VI. Hedging funds (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vents)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		120.000	-	-	-	-	-	(4.000)	-	-	(96.000)	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		120.000	-	-	-	-	-	(4.000)	-	-	(96.000)	-	-	-	-	-	-	-	-
XV. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. The effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Period net income		-	-	-	-	-	-	-	90.794	-	-	-	-	-	-	-	90.794	-	90.794
XX. Profit distribution		-	-	-	-	-	-	1.013	-	-	(22.981)	-	-	-	-	-	(21.968)	-	(21.968)
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(22.981)	-	-	-	-	-	(21.968)	-	(21.968)
20.2 Transfers to reserves		-	-	-	-	-	-	1.013	-	-	(20.281)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II-III+...+XVI-XVII+XVIII)		600.000	374	-	-	55.900	28.181	96.792	2.920	90.794	-	(3.331)	28.378	-	-	-	900.019	-	900.019

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Unconsolidated Statement of Cash Flows for the period ended 30 June 2010
(In Thousands of Turkish Lira)

STATEMENT OF CASH FLOWS	Note Ref	Reviewed CURRENT PERIOD	Reviewed PRIOR PERIOD
		1 January - 30 June 2010	1 January - 30 June 2009
A. CASH FLOWS FROM BANKING OPERATIONS			
1 1 Operating profit before changes in operating assets and liabilities		62.361	35.509
1 1 1 Interest received		159.394	230.482
1 1 2 Interest paid		(75.717)	(151.354)
1 1 3 Dividends received		3.095	3.133
1 1 4 Fees and commissions received		6.828	3.126
1 1 5 Other income		9.336	28.631
1 1 6 Collections from previously written off loans		347	600
1 1 7 Payments to personnel and service suppliers		(24.017)	(22.726)
1 1 8 Taxes paid		(15.015)	(25.541)
1 1 9 Others		(1.890)	(30.842)
1 2 Changes in operating assets and liabilities		20.475	17.800
1 2 1 Net (increase) decrease in financial assets		(22.848)	9.969
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		(308.133)	(1.256)
1 2 5 Net (increase) decrease in other assets		(14.118)	94.500
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		373.401	(76.548)
1 2 9 Net increase (decrease) in matured payables		-	-
1 2 10 Net increase (decrease) in other liabilities		(7.827)	(8.865)
I. Net cash provided from banking operations		82.836	53.309
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		59.376	(110.308)
2 1 Cash paid for purchase of entities under common control, associates and subsidiaries		(49)	-
2 2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2 3 Fixed assets purchases		(553)	(572)
2 4 Fixed assets sales		2.781	3.095
2 5 Cash paid for purchase of financial assets available for sale		-	(112.831)
2 6 Cash obtained from sale of financial assets available for sale		57.197	-
2 7 Cash paid for purchase of investment securities		-	-
2 8 Cash obtained from sale of investment securities		-	-
2 9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(34.152)	(2.700)
3 1 Cash obtained from funds borrowed and securities issued		-	-
3 2 Cash used for repayment of funds borrowed and securities issued		-	-
3 3 Capital increase		-	-
3 4 Dividends paid		(34.152)	(2.700)
3 5 Payments for finance leases		-	-
3 6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		1.978	(4.554)
V. Net increase / (decrease) in cash and cash equivalents		110.038	(64.253)
VI. Cash and cash equivalents at beginning of the period		157.567	157.519
VII. Cash and cash equivalents at end of the period		267.605	93.266

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of financial statements:

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

The Bank prepares its financial statements and underlying documents according to Communiqué on Banks’ Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, other communiqués, pronouncements and explanations about accounting and financial reporting issued by Banking Regulation and Supervision Agency, Turkish Commercial Code and Tax Legislation.

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

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 related regulations, announcements and decrees of Turkish Accounting Standards, Turkish Financials Reporting Standards and BRSA. These accounting policies and valuation principles are explained in the below notes through II to XXIII.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 regularly and fixed and variable interest rate placements are undertaken according to the return on alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

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

The Bank liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is safeguarded by monetary 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 rate-liquidity-currency risk 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 project, the collateral and the value add introduced by the Bank.

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank is exposed to significant financial risk originating from the changes in the interest and foreign exchange rates as part of its normal operations. The Bank exercises derivative financial instruments to manage these interest and foreign exchange financial risks.

The Bank generally exercises foreign currency forward, swap, futures and option agreements.

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

IV. Interest Income and Expenses

Interest income and expenses are recognized in the income statement for all interest bearing instruments considering existing principle 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 the current period, the Bank adopts discount of future cash flows method by excluding realized cash flows of financials assets or liabilities for the effective interest rate calculation. The effect of this application is accounted as interest income on loans and securities and interest expense on funds borrowed in the financial statements in the current period. If such change had not been made, prior period balances of the accounts subject to the change would have been TL 113 thousands, TL 131 thousands and TL 69 thousands, respectively.

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. 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. Excluding these income and expenses, all other income and expenses, fee and commission income and expenses, including commissions received from non-cash loans are recorded on an accrual basis.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VI. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments constitute the basis of Bank's trading activities and operations. Risks related with these instruments constitute 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 valued at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders' equity.

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

Cash, Banks, and Other Financial Institutions:

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

Marketable Securities:

The Bank classifies its marketable securities in three groups:

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VI. Explanations and Disclosures on Financial Assets (Cont'd)

In this category, marketable securities are 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.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to interest income or impairment on marketable securities accounts. Interest income and dividends from financial assets at fair value through profit and loss are reflected in interest income and dividend income.

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 from marketable securities. 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 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 fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income in the income statement.

Loans:

Loans are financial assets which have fixed payment or determinable payment terms and are not traded in an active market.

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

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VI. Explanations and Disclosures on Financial Assets (Cont'd)

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

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 are recorded in “Provision for Loans and Other Receivables” and “Interest Received from Non-performing Loans” accounts.

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 of Financial Assets

At each balance sheet date, the Bank evaluates the carrying value of a 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.

VIII. 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.

All of the repurchase agreements of the Bank are based on the short-term government bonds. Marketable securities subject to repurchase agreements are classified under securities held for trading, available for sale and held to maturity financial asset. 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 (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

The standalone financial statements of the Bank do not include goodwill as of the balance sheet date.

Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of 31 December 2004; and intangible assets that are acquired subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated over their expected useful lives using straight-line method. 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 3-15 years.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XII. Explanations on Tangible Fixed Assets

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

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

Regular maintenance and repair cost of the properties are expensed.

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

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

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 income statement in accordance with the Bank's general policy on borrowing costs. Tangible fixed 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. 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 (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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.

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 installments 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, the execution of this article was cancelled as of the 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.

The Main Opposition Party has appealed to the Higher Court on 19 June 2008 for cancellation of some articles, including the first paragraph of 20. Temporary article of the Law, and requested them to be ineffective until the case of revocatory action is finalized. As of the date of the publication of these financial statements, there is no decision announced by the Constitutional Court regarding the revocatory action.

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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XV. Explanations on Liabilities Regarding Employee Benefits (Cont'd)

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2009 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per 4 February 2010 dated actuarial report, the liabilities, subject to the transfer to the Social Security Institution, are financed by the assets of the Pension Fund.

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 in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax 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 are accounted for using the balance sheet liability method.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 statement of income 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 offset.

The Bank has adjusted its statutory financial statements as per the inflation accounting as of 1 January 2004 in accordance with the repeated article numbered 298 in Tax Procedural Law numbered 213 which was changed by the Law No: 5024.

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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XVII. Additional Explanations on Borrowings

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

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

XVIII. Explanations on Share Certificates

In the current period, the Bank's share capital has increased by TL 100.000. In the meeting of the General Assembly held on 25 March 2010; it has been resolved that, paid-in capital of the Bank will be increased from TL 600.000 to TL 700.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 85.000 of this increase will be incorporated from the profit of the year 2009 and TL 15.000 from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 27 April 2010 and has been published in the Turkish Trade Registry Gazette No: 7576 on 2 June 2010.

In the prior period, the Bank's share capital has increased by TL 100.000. In the meeting of the General Assembly held on 25 March 2010, it has been resolved that, paid-in capital of the Bank will be increased from TL 500.000 to TL 600.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 96.000 of this increase will be incorporated from the profit of the year 2008 and TL 4.000 from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 29 April 2009 and has been published in the Turkish Trade Registry Gazette No: 7335 on 18 June 2009.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

The Bank does not use government incentives.

XXI. Explanations on Segment Reporting

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

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

The activities of investment banking are; the operations of Treasury, Corporate Finance, Research, Financial Institutions and Marketable Securities and Portfolio Management departments. Under the investment banking activities, portfolio management for corporate and individual customers, marketable securities intermediary activities, cash management and all types of corporate finance services is provided.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XXI. Explanations on Segment Reporting (Cont'd)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	75.409	74.700	-	150.109
Net Commission and Fees Income	1.982	3.190	586	5.758
Other Income	6.442	-	25.827	32.269
Other Expense	(11.730)	(12.726)	(11.690)	(36.146)
Profit Before Tax	72.103	65.164	14.723	151.990
Tax Provision	-	-	-	(29.527)
Net Profit	-	-	-	122.463
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	4.131.497	2.814.479	58.414	7.004.390
Investment in Associates and Subsidiaries	-	-	248.946	248.946
Total Assets	4.131.497	2.814.479	307.360	7.253.336
Segment Liabilities	4.176.888	1.784.335	175.499	6.136.722
Shareholder's Equity	-	-	1.116.614	1.116.614
Total Liabilities	4.176.888	1.784.335	1.292.113	7.253.336

Prior Period (*)	Corporate	Investment Banking	Other	Total
Net Interest Income	34.663	75.906	-	110.569
Net Commission and Fees Income	1.831	814	(21)	2.624
Other Income	13.810	2.679	23.756	40.245
Other Expense	(23.966)	(11.492)	(9.452)	(44.910)
Profit Before Tax	26.338	67.907	14.283	108.528
Tax Provision	-	-	-	(17.734)
Net Profit	-	-	-	90.794
Prior Period (**)	Corporate	Investment Banking	Other	Total
Segment Assets	3.954.710	2.628.662	77.032	6.660.404
Investment in Associates and Subsidiaries	-	-	244.225	244.225
Total Assets	3.954.710	2.628.662	321.257	6.904.629
Segment Liabilities	4.122.038	1.578.191	163.605	5.863.834
Shareholder's Equity	-	-	1.040.795	1.040.795
Total Liabilities	4.122.038	1.578.191	1.204.400	6.904.629

(*)The information is related to 30 June 2009.

(**)The information is related to 31 December 2009.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XXII. Explanations on Other Matters

None.

XXIII. Classifications

In the current period, foreign currency reserve deposit amounting to TL 17.966 as of 31 December 2009 has been classified to “Cash and Balances with Central Bank” from “Other Assets”.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The capital adequacy ratio is 25,03% as at 30 June 2010 (31 December 2009: 24,91%). Related to the calculation of the capital adequacy ratio, the risk weighted assets, the commitments and non-cash loans are classified according to the collateral groups and evaluated within the particular risk group.

Information related to the capital adequacy ratio:

	Risk Weight						
	Bank						
	0 %	10 %	20 %	50 %	100 %	150 %	200 %
Amounts Subject to Credit Risk							
Balance Sheet items (Net)	367.010	-	903.115	833.662	2.914.058	-	-
Cash	185	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	3.185	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	248.412	-	-	-	-
Interbank Money Market Placements	15.820	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	26.119	-	-	-	-	-	-
Loans	210	-	628.336	775.138	2.499.584	-	-
Non-performing Loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables	32	-	16.671	13.863	60.752	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	273.581	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	6.087	-	-
Interest and Income Accruals (*)	18.541	-	9.696	44.661	84.199	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	5.293	-	-	-	243.653	-	-
Tangible Assets	-	-	-	-	15.841	-	-
Other Assets	24.044	-	-	-	3.942	-	-
Off-Balance Sheet Items	1.298.152	-	124.123	13.596	332.721	-	-
Guarantees and Commitments	1.298.152	-	60.604	13.596	330.975	-	-
Derivative Financial Instruments	-	-	63.519	-	1.746	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	1.665.162	-	1.027.238	847.258	3.246.779	-	-

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	3.875.856	3.619.570
Amount Subject to Market Risk (ASMR)	509.775	519.238
Amount Subject to Operational Risk (ASOR)	411.926	330.695
Shareholders' Equity	1.200.949	1.113.335
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	25,03	24,91

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INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

I. Explanations Related to the Capital Adequacy Standard Ratio (Cont'd)

Information related to the components of shareholders' equity:

	30 June 2010	31 December 2009
CORE CAPITAL		
Paid-in capital	700.000	600.000
Nominal capital	700.000	600.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	374	374
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	73.559	55.900
First legal reserve (Turkish Commercial Code 466/1)	36.928	28.184
Second legal reserve (Turkish Commercial Code 466/2)	36.631	27.716
Other legal reserve per special legislation	-	-
Statutory reserves	36.929	28.184
Extraordinary reserves	111.248	99.712
Reserves allocated by the General Assembly	108.328	96.792
Retained earnings	2.920	2.920
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	-	-
Profit	122.463	174.888
Current period profit	122.463	174.888
Prior years' profits	-	-
Provisions for possible losses up to 25 % of core capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	31.174	28.378
Primary subordinated loans up to 15 % of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	(365)	(412)
Prepaid expenses (-)	(6.430)	(4.824)
Intangible assets (-)	(520)	(518)
Deferred tax asset exceeding 10 % of the Core Capital (-)	-	-
Excess amount as per the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	1.068.432	981.682

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INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

I. Explanations Related to the Capital Adequacy Standard Ratio (Cont'd)

Information related to the components of shareholders' equity (Cont'd):

	30 June 2010	31 December 2009
SUPPLEMENTARY CAPITAL		
General Loan Loss Provisions	36.131	33.463
45 % of the revaluation reserve for movable fixed assets	-	-
45 % of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	79.100	74.850
Marketable securities value increase fund	17.861	24.012
Associates and subsidiaries	(963)	1.853
Available for sale securities	18.824	22.159
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	133.092	132.325
TIER III CAPITAL		
CAPITAL	1.201.524	1.114.007
DEDUCTIONS FROM THE CAPITAL	(575)	(672)
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than Ten percent of capitals which exceed the ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements in securities of these entities that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	(575)	(672)
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	1.200.949	1.113.335

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Market Risk

In order to avoid the market risk and restrict the risks carried, the Board of Directors determines the limits on market risk. Risk, nominal and proportional limitation systems are used and the related reports are presented to Board of Directors, relevant committees and top management.

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

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

The market risk table is as follows:

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	30.555
Resulting from Financial Instruments related to Interest Income	25.252
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	5.303
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	7.224
Resulting from Financial Instruments related to Interest Income	1.921
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	5.303
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	3.003
Capital Requirement	3.000
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	3
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	-
(VII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	40.782
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	509.775

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Currency Risk

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

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

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

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

	1 US Dollar	1 EURO	YEN
A. Bank "Foreign Exchange Valuation Rate"			
30 June 2010	1,5820	1,9318	0,0179
<u>Prior Five Workdays:</u>			
29 June 2010	1,5750	1,9300	0,0178
28 June 2010	1,5700	1,9434	0,0176
25 June 2010	1,5740	1,9396	0,0176
24 June 2010	1,5650	1,9297	0,0174
23 June 2010	1,5600	1,9133	0,0172

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Bank before the balance sheet date are TL 1,5725, TL 1,9224 and TL 0,0173; respectively.

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INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Currency Risk (Cont'd)

Information on the Bank's foreign currency risk: foreign currencies:

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	28.216	191	-	3	28.410
Banks	24.152	59.148	500	1.213	85.013
Financial Assets at Fair Value Through Profit and Loss (*)	2.942	6.668	-	-	9.610
Money Market Placements	-	15.821	-	-	15.821
Available-For-Sale Financial Assets	86.631	470.893	-	-	557.524
Loans (**)	1.911.029	2.007.783	10.301	-	3.929.113
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	1	1
Intangible Assets	-	-	-	-	-
Other Assets (***)	69.613	28.739	1.683	4	100.039
Total Assets	2.122.583	2.589.243	12.484	1.221	4.725.531
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	33.432	111.837	-	239	145.508
Funds Provided From Other Financial Institutions	2.061.505	2.478.509	21.407	-	4.561.421
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	3.817	13.404	-	2	17.223
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	2.923	6.873	-	-	9.796
Total Liabilities	2.101.677	2.610.623	21.407	241	4.733.948
Net Balance Sheet Position	20.906	(21.380)	(8.923)	980	(8.417)
Net Off-Balance Sheet Position	(33.497)	11.961	8.713	-	(12.823)
Financial Derivative Assets	178.457	471.693	16.920	7.141	674.211
Financial Derivative Liabilities	(211.954)	(459.732)	(8.207)	(7.141)	(687.034)
Non-Cash Loans (****)	143.339	286.746	-	-	430.085
Prior Period					
Total Assets	2.215.517	2.205.905	24.992	1.311	4.447.725
Total Liabilities	2.246.247	2.159.066	39.000	500	4.444.813
Net Balance Sheet Position	(30.730)	46.839	(14.008)	811	2.912
Net Off-Balance Sheet Position	35.650	(38.585)	13.501	-	10.566
Financial Derivative Assets	136.332	94.404	24.487	-	255.223
Financial Derivative Liabilities	(100.682)	(132.989)	(10.986)	-	(244.657)
Non-Cash Loans (****)	118.353	253.067	-	-	371.420

(*)Exchange rate differences arising from derivative transactions amounting to TL 31 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**)Loans extended, include TL 1.447.663 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 5.245 have not been included in other assets.

(****) Marketable securities valuation increase fund amounting to TL 17.831 has not been included in other liabilities.

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

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

IV. 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 upper management, Board of Directors and Audit Committee are informed of these risks.

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INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

IV. Explanations Related to Interest Rate Risk (Cont'd)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	29.489	29.489
Banks	85.039	151.068	-	-	-	13.409	249.516
Financial Assets at Fair Value Through Profit and Loss	2.731	2.941	6.534	30.047	1.423	27.261	70.937
Money Market Placements	15.821	-	-	-	-	-	15.821
Available-for-Sale Financial Assets	621.838	389.404	506.879	323.395	276.123	39.032	2.156.671
Loans	1.397.105	1.462.324	1.010.173	136.123	33.746	-	4.039.471
Held-to-Maturity Investments	-	105.501	170.197	16.347	-	-	292.045
Other Assets	13.171	47.087	26.855	4.913	-	307.360	399.386
Total Assets	2.135.705	2.158.325	1.720.638	510.825	311.292	416.551	7.253.336
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.307.261	3.563	72.080	-	-	-	1.382.904
Sundry Creditors	-	-	-	-	-	62.298	62.298
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.532.982	1.948.034	1.003.859	31.063	51.360	-	4.567.298
Other Liabilities	2.169	1.462	3.006	3.296	1.088	1.229.815	1.240.836
Total Liabilities	2.842.412	1.953.059	1.078.945	34.359	52.448	1.292.113	7.253.336
Balance Sheet Long Position	-	205.266	641.693	476.466	258.844	-	1.582.269
Balance Sheet Short Position	(706.707)	-	-	-	-	(875.562)	(1.582.269)
Off-Balance Sheet Long Position	-	9.552	-	142.975	47.706	-	200.233
Off-Balance Sheet Short Position (**)	(1.546.401)	-	(86.164)	-	-	-	(1.632.565)
Total Position	(2.253.108)	214.818	555.529	619.441	306.550	(875.562)	(1.432.332)

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

(**) TL 1.470.085 of this amount is interest rate futures - buy with maturities between 1-5 years and showed at nominal value. This balance is showed under "Up to 1 month" column since these transactions are under daily interest exposure.

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SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

IV. Explanations Related to Interest Rate Risk (Cont'd)

Average interest rates applied to monetary financial instruments: %

	EURO	USD	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0,24	0,47	-	9,40
Financial Assets at Fair Value through Profit and Loss	-	-	-	9,75
Money Market Placements	-	1,75	-	-
Available-for-Sale Financial Assets	3,93	5,63	-	9,57
Loans	3,88	3,08	4,87	10,19
Held-to-Maturity Investments	-	-	-	12,83
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,02	1,03	-	7,07
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	1,21	0,84	1,96	-

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INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

IV. Explanations Related to Interest Rate Risk (Cont'd)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	21.070	21.070
Banks	93.113	50.191	-	-	-	11.704	155.008
Financial Assets at Fair Value Through Profit and Loss	1.665	594	29.224	10.756	-	533	42.772
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	414.499	634.691	391.892	428.336	253.094	24.737	2.147.249
Loans	1.395.825	1.493.674	749.822	138.068	42.245	-	3.819.634
Held-to-Maturity Investments	-	98.220	-	182.309	-	-	280.529
Other Assets	7.651	64.122	47.153	16.150	-	303.291	438.367
Total Assets	1.912.753	2.341.492	1.218.091	775.619	295.339	361.335	6.904.629
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.223.763	2.590	58.340	-	-	-	1.284.693
Sundry Creditors	-	-	-	-	-	52.088	52.088
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.616.559	1.934.453	750.797	47.048	54.701	-	4.403.558
Other Liabilities	2.444	586	2.347	6.601	-	1.152.312	1.164.290
Total Liabilities	2.842.766	1.937.629	811.484	53.649	54.701	1.204.400	6.904.629
Balance Sheet Long Position	-	403.863	406.607	721.970	240.638	-	1.773.078
Balance Sheet Short Position	(930.013)	-	-	-	-	(843.065)	(1.773.078)
Off-Balance Sheet Long Position	-	-	164	5.142	-	-	5.306
Off-Balance Sheet Short Position (**)	(1.644.437)	(11)	-	-	-	-	(1.644.448)
Total Position	(2.574.450)	403.852	406.771	727.112	240.638	(843.065)	(1.639.142)

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

(**) TL 1.643.661 of this amount is interest rate futures - buy with maturities between 1-5 years and showed at nominal value. This balance is showed under "Up to 1 month" column since these transactions are under daily interest exposure.

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SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

IV. Explanations Related to Interest Rate Risk (Cont'd)

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

	EURO	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0,22	-	-	8,36
Financial Assets at Fair Value through Profit and Loss	-	-	-	9,83
Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	4,01	5,89	-	11,79
Loans	4,07	3,49	4,88	11,62
Held-to-Maturity Investments	-	-	-	11,50
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,10	1,02	-	7,34
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	1,41	1,16	1,96	-

V. Explanations Related to Liquidity Risk

The Bank's future cash flows and current positions are taken into consideration for managing the market and liquidity risks. The Bank does not invest into illiquid markets and instruments. The liquidity ratios are followed up and the maturity match and the coverage of liquidity need are targeted in the context of asset- liability management.

Although the Bank started to perform tests to calculate liquidity risk with internal models, the risk is still followed up basically by adapting the risks to "holding period" data.

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

V. Explanations Related to Liquidity Risk (Cont'd)

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistributed(*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	3.370	-	-	-	-	-	26.119	29.489
Banks	13.409	85.039	151.068	-	-	-	-	249.516
Financial Assets at Fair Value Through Profit and Loss	27.261	2.731	2.941	6.534	30.047	1.423	-	70.937
Money Market Placements	-	15.821	-	-	-	-	-	15.821
Financial Assets Available-for-Sale	3.639	31	65.477	391.599	1.118.140	542.392	35.393	2.156.671
Loans	-	164.153	240.146	629.729	2.372.935	632.508	-	4.039.471
Held-to-Maturity Investments	-	-	-	170.197	121.848	-	-	292.045
Other Assets	-	7.967	12.270	31.512	40.277	-	307.360	399.386
Total Assets	47.679	275.742	471.902	1.229.571	3.683.247	1.176.323	368.872	7.253.336
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	89.110	91.968	423.234	1.633.044	2.329.942	-	4.567.298
Money Market Borrowings	-	1.307.261	3.563	72.080	-	-	-	1.382.904
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	-	62.298	62.298
Other Liabilities	-	2.169	1.462	3.006	3.296	1.088	1.229.815	1.240.836
Total Liabilities	-	1.398.540	96.993	498.320	1.636.340	2.331.030	1.292.113	7.253.336
Liquidity Gap	47.679	(1.122.798)	374.909	731.251	2.046.907	(1.154.707)	(923.241)	-
Prior Period								
Total Assets	18.793	331.382	477.626	992.700	3.953.331	788.255	342.542	6.904.629
Total Liabilities	-	1.425.991	174.000	279.157	1.605.581	2.215.500	1.204.400	6.904.629
Liquidity Gap	18.793	(1.094.609)	303.626	713.543	2.347.750	(1.427.245)	(861.858)	-

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations 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 TRY/Foreign Currency	88	97	114	117
Balances with the Central Bank of Turkey	991	28.313	452	20.387
Other	-	-	-	-
Total	1.079	28.410	566	20.504

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	991	2.194	452	2.421
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	26.119	-	17.966
Total	991	28.313	452	20.387

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

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

2.a.1 Trading securities

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

As of the balance sheet date, the Bank has no trading securities given as collateral or blocked (31 December 2009: None).

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

As of the balance sheet date, the Bank has no trading securities subject to repurchase agreements (31 December 2009: TL 4.493).

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

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

As of the balance sheet date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blocked (31 December 2009: None).

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

As of the balance sheet date, the Bank has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2009: None).

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

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	-	-	-	-
Swap Transactions	5.887	3.350	6.723	2.741
Futures Transactions	-	-	-	-
Options	-	6.291	298	1.521
Other	1.849	-	-	-
Total	7.736	9.641	7.021	4.262

3. Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	164.503	56.925	121.623	5.493
Foreign	-	28.088	-	27.892
Branches and head office abroad	-	-	-	-
Total	164.503	85.013	121.623	33.385

4. Information on Financial Assets Available-for-Sale:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1.000.693	166.566	1.029.375	46.421
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.000.693	166.566	1.029.375	46.421

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

4. Information on Financial Assets Available-for-Sale (Cont'd)

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

All financial assets available for sale given as collateral comprise of financial assets issued by the Turkish Treasury. The carrying value of those assets is TL 335.042 (31 December 2009: TL 334.701).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	197.287	137.755	158.290	176.411
Other	-	-	-	-
Total	197.287	137.755	158.290	176.411

4.b Major types of available for sale financial assets

Available for sale financial assets comprise government bonds (77,79 %), Eurobonds (14,13 %) and shares and other securities (8,08 %) (31 December 2009: government bonds (78,60 %), Eurobonds (12,91 %) and shares and other securities (8,49 %)).

Financial and non-financial investments, to which the Bank has invested between 0,15% to 7% are classified in available-for-sale financial assets.

4.b.1 Information on financial assets available for sale portfolio

	Current Period	Prior Period
Debt securities	2.124.001	2.130.085
Quoted on a stock exchange	1.688.129	1.693.742
Unquoted	435.872	436.343
Share certificates	45.247	29.232
Quoted on a stock exchange	21.173	5.158
Unquoted	24.074	24.074
Impairment provision(-)	(16.216)	(15.520)
Other	3.639	3.452
Total	2.156.671	2.147.249

Net book value of unquoted available for sale stocks are TL 13.238 (31 December 2009: TL 13,431).

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

5. Information on Loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	145.895	117.413	121.628	117.413
Corporate shareholders	145.895	117.413	121.628	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	220	-	249	-
Total	146.115	117.413	121.877	117.413

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	3.962.840	3.899	15.740	56.992
Discount notes	-	-	-	-
Export loans	26.996	-	-	-
Import loans	-	-	-	-
Investment loans	2.206.131	3.899	13.489	54.199
Loans given to financial sector	916.300	-	-	-
Foreign loans	53.142	-	-	-
Consumer loans	220	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	760.051	-	2.251	2.793
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	3.962.840	3.899	15.740	56.992

(*)Close monitoring receivables from leasing transactions amounting to TL 16.328 have been also included.

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

5. Information on Loans (Cont'd):

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	-	-	-
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-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	149	71	220
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	149	71	220
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-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	149	71	220

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

5. Information on Loans (Cont'd):

5.d Information on commercial loans with installments and corporate credit cards

The Bank has not granted any commercial loans with installments and corporate credit cards as of the balance sheet date (31 December 2009: None).

5.e Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	3.986.329	3.755.488
Foreign loans	53.142	64.146
Total	4.039.471	3.819.634

5.f Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	205.700	206.881
Indirect loans granted to subsidiaries and associates	-	-
Total	205.700	206.881

5.g Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectibility	-	-
Loans and receivables with doubtful collectibility	-	-
Uncollectible loans and receivables	16.829	21.675
Total	16.829	21.675

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

5.h Information on non-performing loans (Net)

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

	III. Group Loans and Receivables With Limited Collectibility	IV. Group Loans and Receivables With Doubtful Collectibility	V. Group Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	4.350
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	4.350
Prior Period			
(Gross amounts before provisions)	-	-	6.349
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	6.349

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

5. Information on Loans (Cont'd):

5.h Information on non-performing loans (Net) (Cont'd)

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

	III. Group Loans and Receivables With Limited Collectibility	IV. Group Loans and Receivables With Doubtful Collectibility	V. Group Uncollectible Loans and Receivables
Prior period end balance	-	-	21.675
Additions (+)	-	-	13
Transfers from other categories of non-performing Loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)(*)	-	-	(4.859)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	-	-	16.829
Specific provision (-)	-	-	(16.829)
Net Balances on Balance Sheet	-	-	-

(*) The loan amounting to TL 1.851, which is transferred to the second group, is shown as collections.

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

	III. Group Loans and Receivables With Limited Collectibility	IV. Group Loans and Receivables With Doubtful Collectibility	V. Group Uncollectible Loans and Receivables
Current Period			
Period End Balance	-	-	5.685
Special Provision (-)	-	-	(5.685)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	-	-	5.685
Special Provision (-)	-	-	(5.685)
Net Balance on Balance Sheet	-	-	-

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

5. Information on Loans (Cont'd):

5.h Information on non-performing loans (Net) (Cont'd)

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

	III. Group Loans and Receivables With Limited Collectibility	IV. Group Loans and Receivables With Doubtful Collectibility	V. Group Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	11.486
Specific Provision Amount (-)	-	-	(11.486)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	5.343
Specific Provision Amount (-)	-	-	(5.343)
Other Loans and Receivables (Net)	-	-	-

Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	16.332
Specific Provision Amount (-)	-	-	(16.332)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	5.343
Specific Provision Amount (-)	-	-	(5.343)
Other Loans and Receivables (Net)	-	-	-

5.i Main principles of liquidating loans and receivables:

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

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

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

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

6. Information on Held-to-Maturity Investments:

6.a Information on held-to-maturity investments given as collateral or blocked

6.a.1 As of the balance sheet date, the Bank has no held-to-maturity investments securities given as collateral or blocked (31 December 2009: None).

6.a.2 As of the balance sheet date, the Bank has TL 283.996 of investment securities held-to-maturity subject to repurchase agreements (31 December 2009: TL 275.934).

6.b Information on investment securities held-to-maturity

As of the balance sheet date, the Bank has TL 292.045 of investment securities held-to-maturity (31 December 2009: TL 280.529).

6.c Information on investment securities held-to-maturity

	Current Period	Prior Period
Debt Instrument	292.045	280.529
Quoted	292.045	280.529
Unquoted	-	-
Impairment Provision (-)	-	-
Total	292.045	280.529

6.d Movement of investment securities held-to-maturity

	Current Period	Prior Period
Beginning Balance	273.582	-
Foreign currency differences on monetary assets	-	-
Purchases during year	-	273.582
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
Closing Balance	273.582	273.582
Interest and Income Accruals	18.463	6.947
Total	292.045	280.529

The Bank transferred a portion of its marketable securities in the Available-for-Sale and Financial Assets at Fair Value through Profit and Loss portfolio with a notional amount of TL 283.050 and TL 4.900, respectively, to its Held-to-Maturity portfolio due to the change in the intention. The fair value of these securities was TL 273.582 as of the transfer date, which is shown as "Purchases during the year" in the table above. For the securities transferred from Available-for-Sale portfolio, the positive valuation differences amounting to TL 1.679 under equity realized until the transfer date of these securities will be amortized and transferred to profit/loss till the maturity of these securities. As of the balance sheet date, the positive valuation difference that remains under equity is TL 863.

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)

I. Explanations Related to the Assets (Cont'd)

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	GÖZLÜK SANAYİ A.Ş. (Gözlük)	İzmir/Türkiye	21,71	21,71
2	İŞ FACTORİNG FİNASMAN HİZMETLERİ A.Ş. (İş Factoring)	İstanbul/Türkiye	21,75	100,00
3	İŞ FİNANSAL KİRALAMA A.Ş. (İş Finansal)	İstanbul/Türkiye	28,56	58,54
4	İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (İş Girişim)	İstanbul/Türkiye	16,67	48,75
5	TERME METAL SANAYİ VE TİCARET A.Ş. (Terme)	İstanbul/Türkiye	17,83	18,76
6	ÜNSA AMBALAJ SANAYİ VE TİCARET A.Ş. (Ünsa)	İstanbul/Türkiye	7,52	7,52

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
Gözlük (1)	2.844	2.021	78	11	-	(21)	(30)	-
İş Factoring (2)	377.098	45.089	129	5.771	1	3.149	7.194	-
İş Finansal (3)	1.371.537	418.229	862	10.964	106	37.533	99.415	90.150
İş Girişim (4)	137.925	134.717	487	-	-	5.831	8.225	15.120
Terme (5)	13.748	2.351	829	78	-	882	420	-
Ünsa (6)	81.565	36.944	21.264	152	-	3.416	(4.469)	-

- (1) Represents un-reviewed 31.03.2010 financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements.
(2) Represents un-reviewed 30.06.2010 financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements.
(3) Represents un-reviewed 30.06.2010 unconsolidated financial statements. Prior year profit/loss is obtained from 31.12.2009 consolidated financial statements. Fair value is presented as of 30.06.2010.
(4) Represents limited-reviewed 31.03.2010 consolidated financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements. Fair value is presented as of 30.06.2010.
(5) Represents audited 31.12.2009 financial statements. Prior year profit/loss is obtained from 31.12.2008 financial statements.
(6) Represents un-audited 30.06.2010 financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements.

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

7. Information on Associates (Net) (Cont'd):

7.a.2 Information on associates

	Current Period	Prior Period
Balance at the Beginning of the Period	101.686	45.986
Movements During the Period	11.111	55.700
Purchases	-	-
Bonus Shares Obtained	12.852	15.386
Current Year Share of Profit	-	-
Sales	(2.304)	-
Revaluation Increase	6.063	40.314
Provision for Impairment	-	-
Transfers to subsidiaries (*)	(5.500)	-
Balance at the End of the Period	112.797	101.686
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*)In the current period, initial cost of TSKB Yatırım Ortaklığı A.Ş. amounting to TL 5.500 has been transferred from associates to subsidiaries because of the increasing control power of the Bank over the Company.

In the current period, the Bank has obtained bonus shares of İş Finansal Kiralama A.Ş. amounting to TL 12.852 with capital increase of TL 45.000.

TSKB Yatırım Ortaklığı A.Ş. and Yatırım Finansman Yatırım Ortaklığı A.Ş., associates of the Bank, merged under TSKB Yatırım Ortaklığı A.Ş. on 25 June 2009 according to prior approval of the Capital Market Board on 13 May 2009 and resolution of extraordinary General Assembly, by ceasing all rights, receivables, liabilities and legal jurisdiction of Yatırım Finansman Yatırım Ortaklığı A.Ş. After the merger, the capital of TSKB Yatırım Ortaklığı A.Ş. has been increased to TL 29.068 from TL 18.000; and TL 1.107 unit of stocks of merged entity was given against to each TL 1 unit of stock of Yatırım Finansman Yatırım Ortaklığı A.Ş.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	1.551	1.551
Leasing Companies	90.150	74.256
Financial Service Companies	-	-
Other Associates	21.096	25.879

7.a.4 Information on associates quoted on stock market:

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	105.270	91.856
Associates quoted on foreign stock exchanges	-	-

7.a.5 Information on associates sold in the current period

In the current period, the Board of Directors have authorised the General Manager on the meeting held on 25 March 2010 with the resolution numbered 1930 for the sale of all shares of Senapa Stampa Ambalaj Sanayi ve Ticaret A.Ş., associate which the Bank had acquired its shares through venture capital funds of the European Investment Bank ("EIB"). The sale transaction was realized on 11 May 2010 and proceeds from the sale have been transferred to EIB as agreed (31 December 2009: None).

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

8. Information on Subsidiaries (Net):

8.a.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)	İstanbul /Türkiye	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YF MEN. DEĞ.)	İstanbul /Türkiye	95,78	98,42
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	İstanbul/Türkiye	59,00	66,71
4	TSKB Yatırım Ortaklığı A.Ş. (TSKB Y.O.)	İstanbul/Türkiye	22,53	36,25
5	TSKB Gayrimenkul Aracılık Hizmetleri A.Ş.	İstanbul/Türkiye	96,00	100,00
6	TSKB Gayrimenkul Danışmanlık Hizmetleri A.Ş.	İstanbul/Türkiye	1,00	100,00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income form Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
TSKB GMD (1)	4.699	3.274	1.235	-	-	625	368	-
YF MEN.DEĞ. (2)	455.549	55.838	1.674	13.536	842	5.795	6.434	-
TSKB GYO (3)	300.517	166.227	283.230	15	-	2.094	55.346	77.880
TSKB Y.O. (4)	39.751	39.655	-	14	1.266	1.014	12.378	4.977
TG A.Ş (5)	92	33	63	-	-	(17)	-	-
TGD A.Ş (6)	59	19	14	-	-	(31)	-	-

- (1) Represents un- reviewed 30.06.2010 financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements.
(2) Represents un- reviewed 30.06.2010 financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements.
(3) Represents limited-reviewed 31.03.2010 financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements. Fair value is presented as of 30.06.2010.
(4) Represents un- reviewed 30.06.2010 financial statements. Prior year profit/loss is obtained from 31.12.2009 financial statements. Fair value is presented as of 30.06.2010.
(5) Represents un- reviewed 30.06.2010 financial statements. The company has started to operate on 10 February 2010, and financial statements of prior period do not exist.
(6) Represents un- reviewed 30.06.2010 financial statements. The company has started to operate on 10 February 2010, and financial statements of prior period do not exist.

8.a.2 Information on subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	142.539	142.539
Movements in period	(6.390)	-
Purchases	49	-
Bonus shares obtained	6.705	-
Current year share of profit	-	-
Sales	(7.500)	-
Revaluation increase	-	-
Provision for impairment	(11.144)	-
Transfer from associates (*)	5.500	-
Balance at the end of the period	136.149	142.539
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) In the current period, initial cost of TSKB Yatırım Ortaklığı A.Ş. amounting to TL 5.500 has been transferred from associates to subsidiaries because of the increasing control power of the Bank over the company.

(**) In the current period, stocks of TSKB GYO amounting to TL 7.500 were sold from the Bank's portfolio during the initial public offering.

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)

I. Explanations Related to the Assets (Cont'd)

8. Information on Subsidiaries (Cont'd)

8.a.3 Sectoral information on subsidiaries and the related carrying amounts in the legal books

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Subsidiaries	136.149	142.539

8.a.4 Subsidiaries quoted on stock market

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	82.857	-
Subsidiaries quoted on foreign stock exchanges	-	-

In the current period, the Bank has obtained bonus shares of Yatırım Finansman Menkul Değerler A.Ş. amounting to TL 6.705 with capital increase of TL 7.000.

8.a.5 Subsidiaries sold in the current period

The Bank has not sold any subsidiaries in the current period. One of the Bank's subsidiary TSKB GYO has been offered to public with a rate of 33%, by increasing its capital to TL 150.000 from TL 100.000. Since demand collected exceeded the issuance amount, during the initial public offering the Bank has sold some shares that it owned prior to the public offering amounting to TL 7.500 (31 December 2009: None).

8.a.6 Subsidiaries purchased in the current period:

In the current period, the Bank has joined to the establishment of the company named TSKB Gayrimenkul Aracılık Hizmetleri A.Ş. with a capital amounting to TL 48 and the ownership ratio of %96 and the company named TSKB Gayrimenkul Danışmanlık Hizmetleri A.Ş. with a capital TL 0,5 and the ownership ratio of 1%. The Bank has classified these Companies as subsidiaries (31 December 2009: None).

9. Information on Entities under Common Control:

The Bank has no entities under common control as of the balance sheet date (31 December 2009: None).

SECTION FIVE (Cont'd)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)**

I. Explanations Related to the Assets (Cont'd)

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	13.159	12.816	16.344	15.929
Between 1- 4 years	68.851	66.473	97.239	92.953
More than 4 years	13.925	12.737	28.270	26.194
Total	95.935	92.026	141.853	135.076

10.b The information on net investments in finance leases

	Current Period	Prior Period
Gross investments in finance leases	95.935	141.853
Unearned revenue from finance leases (-)	(3.909)	(6.777)
Cancelled finance leases (-)	-	-
Net investments in finance leases	92.026	135.076

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

Finance lease agreements are made in accordance with the related articles of financial leasing law 3286. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on Derivative Financial Assets for Hedging Purposes:

The Bank has no derivative financial assets for hedging purposes as of the balance sheet date (31 December 2009: None).

12. Information on Investment Property:

The Bank has no investment property (31 December 2009: None).

13. Information on Deferred Tax Assets:

13.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.

SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

I. Explanations Related to the Assets (Cont'd)

13. Information on Deferred Tax Assets (Cont'd):

Deferred tax asset:	Current period	Prior period
Useful life difference of fixed assets	996	1.009
Financial lease adjustments	2.407	4.262
Employee benefit provision	758	596
Loan commissions accrual adjustment	7.749	6.141
Other provisions	11.870	12.058
Fair value difference of marketable securities	2.150	2.160
Other	790	-
Total Deferred Tax Asset	26.720	26.226
Deferred tax liability:		
Derivative instrument accruals	(1.769)	(257)
Loan commissions accrual adjustment	(1.022)	(805)
Other	-	(47)
Total Deferred Tax Liability	(2.791)	(1.109)
Net Deferred Tax Asset	23.929	25.117

In addition, TL 10.191 deferred tax, which is calculated over the fair value differences on available for sale securities, is offset against the “available for sale securities value increase fund” item under equity (31 December 2009: TL 11.429).

13.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.

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

As of the balance sheet date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance.

14. Information on Assets Held For Sale

In the current period, the Bank has no assets held for sale (31 December 2009: None).

15. Information about Other Assets:

15.a Other assets which exceed 10 % of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20 % of grand total

Other assets are not exceeding 10 % of total assets, excluding off-balance sheet commitments (31 December 2009: None).

SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

II. Explanations 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. Information on Derivative Financial Liabilities Held-For-Trading:

2.a 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	-	-	-	-
Swap Transactions	1.225	3.331	6.973	3.186
Futures Transactions	-	-	-	-
Options	-	6.465	298	1.521
Other	-	-	-	-
Total	1.225	9.796	7.271	4.707

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	3.001	31.166	20.003	120.219
From Foreign Banks, Institutions and Funds	2.876	4.450.705	4.155	4.183.838
Total	5.877	4.481.871	24.158	4.304.057

3.b Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	3.001	294.392	20.003	267.557
Medium and long-term	2.876	4.187.479	4.155	4.036.500
Total	5.877	4.481.871	24.158	4.304.057

SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

II. Explanations Related to the Liabilities (Cont'd)

4. Other Liabilities which Exceed 10 % of the Balance Sheet Total (Excluding Off-Balance Sheet Commitments) and the Breakdown of These which Constitute at Least 20 % of Grand Total:

There are no other liabilities, which exceed 10% of the balance sheet total (31 December 2009: None).

5. Explanations on Financial Lease Obligations (Net):

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

The Bank entered into the financial lease transactions with its affiliate; İş Finansal Kiralama A.Ş., and Vakıf Finansal Kiralama A.Ş. The lease agreements are paid in equal installments. There are no issues in these transactions bringing important liabilities to the Bank.

5.b The explanation on modifications in agreements and new obligations that these modifications cause

There are no changes in financial leasing contracts.

5.c Explanations on finance lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1	-	1	-
Between 1 and 4 years	1	-	2	-
More than 4 years	-	-	-	-
Total	2	-	3	-

5.d Explanations regarding operational leases:

As of the balance sheet date, the Bank's 2 head office buildings and 3 branches are subject to operational leasing. Additionally, 2 cars are under operational leasing. The Bank has no obligations for operational leases in the current period (31 December 2009: 2 head office buildings, 3 branches and 7 cars under operational leasing).

5.e 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 balance sheet date (31 December 2009: None).

6. Information on Derivative Financial Liabilities for Hedging Purposes:

The Bank has no derivative financial liabilities for hedging purposes as of the balance sheet date (31 December 2009: None).

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

II. Explanations Related to the Liabilities (Cont'd)

7. Information on Provisions:

7.a Information on general provisions

	Current Period	Prior Period
General Provisions	36.131	33.463
Provisions for First Group Loans and Receivables	29.499	27.297
Provisions for Second Group Loans and Receivables	1.584	1.699
Provisions for non-Cash Loans	1.221	1.123
Other	3.827	3.344

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 31.714 (31 December 2009: TL 10.856). The foreign exchange losses on the foreign currency indexed loans are netted off from the loans in the financial statements.

7.c Information related to other provisions:

7.c.1 Provision for possible losses:

	Current Period	Prior Period
Provisions for Possible Losses	-	-

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

	Current Period	Prior Period
Provision for Possible Losses	-	-
Provision for Dividend Received from Subsidiaries	764	1.120
Other (*)	58.587	59.275
Total	59.351	60.395

(*) Other provision account includes TL 56.808 of provision for possible risks on credit portfolio in the future period. (31 December 2009: TL 56,808)

8. Explanations on the Number of Subordinated Loans the Bank Used, Maturity, Interest Rate, Institution that the Loan was Borrowed From, and Conversion Option, If Any:

The Bank has signed an agreement with the International Finance Corporation, for a subordinated loan of USD 50.000 (TL 79.100). The interest expense accrual of this borrowing is TL 450 as of the balance sheet date.

The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the balance sheet date it is 2,706 % (0,456+2,5 spread). Principal repayment of the loan will be on 15 October 2016 as a whole.

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

II. Explanations Related to the Liabilities (Cont'd)

9. Information on Taxes Payable:

Corporate Taxes and Deferred Taxes	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate tax payable (*)	12.082	-	11.078	-
Deferred tax liability	-	-	-	-
Total	12.082		11.078	

(*) In the current period, Corporate Tax Provision is TL 27.101 and netted off from Prepaid Tax of TL 15.019 (31 December 2009: Corporate Tax Provision is TL 62.055 and netted off from Prepaid Tax of TL 50.977).

9.a Information on deferred taxes liabilities:

At the balance sheet date, the Bank has no deferred tax liability (31 December 2009: None).

9.a.1 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	12.082	11.078
Taxation of securities	493	895
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	449	553
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	86	144
Other	778	1.971
Total	13.888	14.641

9.a.2 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	15	13
Unemployment insurance-Employer	28	25
Other	-	-
Total	43	38

SECTION FIVE (Cont'd)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)**

II. Explanations Related to the Liabilities (Cont'd)

10. Information on Shareholders' Equity:

10.a Presentation of paid-in capital

	Current Period	Prior Period
Common stock	700.000	600.000
Preferred stock	-	-

10.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	1.000.000	1.000.000

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

In the current period, the Bank's share capital has increased by TL 100.000. In the meeting of the General Assembly held on 25 March 2010; it has been resolved that, paid-in capital of the Bank will be increased from TL 600.000 to TL 700.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 85.000 of this increase will be incorporated from the profit of the year 2009 and TL 15.000 from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 27 April 2010 and has been published in the Turkish Trade Registry Gazette No: 7576 on 2 June 2010.

In the prior period, the Bank's share capital has increased by TL 100.000. In the meeting of the General Assembly held on 25 March 2010, it has been resolved that, paid-in capital of the Bank will be increased from TL 500.000 to TL 600.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 96.000 of this increase will be incorporated from the profit of the year 2008 and TL 4.000 from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 29 April 2009 and has been published in the Turkish Trade Registry Gazette No: 7335 on 18 June 2009.

10.d Information on share capital increases from capital reserves

In the current period there is no share capital increases from capital reserves (31 December 2009: None).

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

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

SECTION FIVE (Cont'd)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)**

II. Explanations Related to the Liabilities (Cont'd)

10. Information on Shareholders' Equity (Cont'd)

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

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

10.g Information on preferred shares

The Bank has no preferred shares.

10.h Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	(963)	-	4.117	-
Valuation Differences	24.449	17.381	35.941	13.301
Foreign Exchange Difference	-	-	-	-
Total	23.486	17.381	40.058	13.301

11. Information on minority shares:

There are no minority shares in the accompanying unconsolidated financial statements.

SECTION FIVE (Cont'd)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)**

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on Off-Balance Sheet Liabilities:

1.a Nature and amount of irrevocable loan commitments

None other than those disclosed in 1.b.1 and 1.b.2 below.

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

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

As at the balance sheet date, total letters of credit are TL 234.074 (31 December 2009: TL 180.321).

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

As at the balance sheet date, total letters of guarantee is TL 345.996 (31 December 2009: TL 357.761).

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

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	103.677	98.107
With maturity of one year or less than one year	-	-
With maturity of more than one year	103.677	98.107
Other non-cash loans	665.506	618.276
Total	769.183	716.383

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (Cont'd)

1. Information on Off-Balance Sheet Liabilities (Cont'd)

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	113.021	33	232.398	54	115.447	33	132.721	36
Mining	1.174	-	-	-	404	-	-	-
Manufacturing Industry	3.092	1	47.042	11	7.766	2	22.827	6
Electricity, Gas, Water	108.755	32	185.356	43	107.277	31	109.894	30
Construction	20.183	6	25.100	6	30.171	9	26.070	7
Services	205.828	61	172.587	40	199.337	58	212.629	57
Wholesale and Retail Trade	-	-	59.008	14	-	-	105.151	29
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	103.676	24	2	-	98.107	26
Financial Institutions	201.661	59	9.492	2	195.168	57	8.982	2
Real Asset and Leasing Services	167	-	411	-	167	-	389	-
Self-employment Services	4.000	1	-	-	4.000	1	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	66	-	-	-	8	-	-	-
Total	339.098	100	430.085	100	344.963	100	371.420	100

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

	Ist Grup				IInd Grup			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	339.058	430.085	344.963	371.420	40	-	-	-
Letters of Guarantee	255.544	90.412	268.406	89.355	40	-	-	-
Bank Acceptances	-	-	-	-	-	-	-	-
Letters of Credit	-	234.074	-	180.321	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	83.514	105.599	76.557	101.744	-	-	-	-

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (Cont'd)

2. Explanations on Contingent Liabilities and Assets:

There are 8 legal cases against the Bank which are amounting to TL 163 as of the balance sheet date.

IV. Explanations Related to the Statement of Income

1.a Information on interest on loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	2.791	1.865	1.026	1.728
Medium and long term loans	32.790	49.670	60.742	74.735
Interest on non-performing loans	6.732	-	2.332	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	42.313	51.535	64.100	76.463

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

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	4.039	16	2.277	4
Foreign banks	2	26	2	676
Branches and head office abroad	-	-	-	-
Total	4.041	42	2.279	680

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	1.767	347	694	8
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	82.969	14.651	103.549	16.427
Investments Held to Maturity	16.972	-	4.365	-
Total	101.708	14.998	108.608	16.435

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	7.775	4.932

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

IV. Explanations Related to the Statement of Income (Cont'd)

2.a Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	398	2.066	673	11.930
The Central Bank of Turkey	49	-	-	-
Domestic banks	342	207	369	156
Foreign banks	7	1.859	304	11.774
Branches and head office abroad	-	-	-	-
Other financial institutions	-	19.628	-	101.084
Total(*)	398	21.694	673	113.014

(*) 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.

3. Information on Net Trading Income (Net):

	Current Period	Prior Period
Profit	236.651	239.572
Gains on capital market operations	3.228	7.270
On derivative financial instruments(*)	55.999	73.464
Foreign exchange gains	177.424	158.838
Losses (-)	234.894	(236.893)
Losses on capital market operations	4.925	(5.508)
On derivative financial instruments(*)	54.523	(67.993)
Foreign exchange losses	175.446	(163.392)

(*) Foreign exchange gain from derivative transactions amounting to TL 31.435 is presented in "Profit on derivative financial instruments" (30 June 2009: TL 42.469), foreign exchange loss from derivative transactions amounting to TL (30.480) is presented in "Losses on derivative financial instruments" (30 June 2009: TL (36.920)).

4. Information related to Other Operating Income:

	Current Period	Prior Period
Provisions Released	6.442	18.013
Gains on Sale of Assets	776	185
From Associate and Subsidiary Sales	375	-
From Movable Fixed Asset Sales	-	161
From Properties Sales	41	24
From Other Asset Sales	360	-
Other	642	849
Total	7.860	19.047

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

IV. Explanations Related to the Statement of Income (Cont'd)

5. Provision Expenses related to Loans and Other Receivables of The Bank:

	Current Period	Prior Period
Specific provisions for loans and other receivables	13	768
III. Group	-	-
IV. Group	-	4
V. Group	13	764
General provision expenses	2.668	-
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	2.928	1.869
Trading securities	1.542	77
Investment securities available for sale	1.386	1.792
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other	465	15.000
Total	6.074	17.637

6. Information related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	16.279	15.255
Reserve for employee termination benefits	235	235
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	630	580
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	136	128
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	29	-
Depreciation expenses of assets for resale	604	746
Impairment expenses of assets held for sale	-	-
Other operating expenses	9.354	6.964
Rent expenses	2.694	2.528
Maintenance expenses	212	182
Advertisement expenses	543	308
Other expenses	5.905	3.946
Loss on sales of assets	50	-
Other	2.755	3.365
Total	30.072	27.273

SECTION FIVE (Cont'd)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)**

IV. Explanations Related to the Statement of Income (Cont'd)

7. Information on Tax Provision for Taxes on Income:

7.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 27.101 (30 June 2009: TL 29.926). Deferred tax charge is TL 2.426 (30 June 2009: TL 12.192 deferred tax benefit).

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

Deferred tax charge calculated on temporary differences is TL 2.426 (30 June 2009: TL 12.192 deferred tax benefit).

7.c Information related to deferred tax charge on temporary differences, losses, tax deductions and exceptions

As of 30 June 2010 deferred tax charge calculated based on temporary differences is TL 2.426 (30 June 2009: TL 12.192 deferred tax benefit). There is no deferred tax benefit or charge reflected to the income statement on carry forward tax losses, tax deductions and exceptions (30 June 2009: None).

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

As of 30 June 2010, profit before tax of the Bank has increased by 40,05% (30 June 2009: 21,87%).

9. Information on Net Profit/Loss

9.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 216.895 interest income, TL 66.786 interest expenses and TL 5.758 net fee and commission income from banking operations (30 June 2009: TL 274.213 interest income, TL 163.644 interest expense, TL 2.624 net fee and commission income).

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

Changes in the accounting estimates and accordingly effect on the financial statement items is disclosed in "Accounting Policies" section of the report.

9.c Minority share of profit and loss

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (30 June 2009: None).

10. 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 income explained in note IV.4 and other operating expense explained in note IV.6.

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

V. 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	204.110	334	39.691	117.413	39.585	1
Balance at end of period	203.840	334	75.380	117.413	40.674	-
Interest and commission income	5.294	2	629	147	1.026	-

(*) Other entities included in the risk group; covers the financial lease receivables amounting of TL 646 (31 December 2009: TL 1.433)

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	130.415	172	-	141.759	66.812	226
Balance at end of period	204.110	334	39.691	117.413	39.585	1
Interest and commission income received (**)	4.899	-	-	232	115	-

(*) Other entities included in the risk group; covers the financial lease receivables amounting of TL 1.433 (31 December 2008: TL 2.276).

(**) The information is related to 30 June 2009.

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

The Bank is not authorized to accept deposits.

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

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

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

Benefits provided to the key management personnel in the current period amount to TL 4.370 (30 June 2009: TL 2.967).

SECTION FIVE (Cont'd)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)**

VI. Explanations Related to Operations of the Bank

VI.a Brief Information Related to Rating Carried Out By International Rating Firms:

FITCH RATINGS

Foreign Currency	
Long-term Maturity	BB+
Outlook	Stable
Short-term Maturity	B
Turkish Lira	
Long-term Maturity	BB+
Outlook	Stable
Short-term Maturity	B
National	
Long-term Maturity	AA+(tur)
Outlook	Stable
Individual	C/D
Support	3

Information above is received from Fitch Ratings report dated 8 January 2010. The Bank's ratings were confirmed in Fitch Rating declaration dated 28 July 2010.

MOODY'S

Financial Rating Note	D+
Outlook	Stable
Foreign Currency	
Long-term Maturity	BA3
Outlook (*)	Stable
Short-term Maturity	N/P

Information above is received from Moody's Investors Service report as of 8 January 2010.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, declared TSKB's corporate governance rating as 8,77 over 10 (87,69%) on its report dated on 20 October 2009. With respect to CMB's board decision No: 4/100 on 7 February 2005, ratings under the main topics of Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors are declared as; 85,46 (Weight: 25%), 93,07 (Weight: 35%), 95,70 (Weight: 15%), 77,58 (Weight: 25%) respectively. The number of firms in Istanbul Stock Exchange Corporate Governance Index rises to 18 with TSKB, the 12th Istanbul Stock Exchange firm rated by SAHA A.Ş.

SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

VII. Significant Events and Matters Arising Subsequent to Balance Sheet Date

According to “Press release related to reserve requirements” of Central Bank of Turkey, dated 26 July 2010 and numbered 2010/7, foreign currency reserve requirement rate for banks is increased from 9,5% to 10%.

The Bank has applied to Capital Markets Board for issuance of zero coupon bank bills with nominal value of TL 200.000 and maturity between 180 days and 1 year. The application was registered by the Capital Markets Board on 28 July 2010 and no. 21/630, in accordance with the Capital Market Law Article no.4.

Based on the Bank’s assets or indicators, Capital Markets Board permitted the Bank to be an intermediate of selling and purchasing of derivative instruments dealt in foreign markets except those traded in domestic markets.

SECTION SIX

INDEPENDENT AUDITORS’ REVIEW REPORT

I. Explanations on the Independent Auditors’ Review Report

Unconsolidated financial statements and the notes to the financial statements as at 30 June 2010 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (“the Turkish member firm of KPMG International Cooperative, a Swiss entity”). The independent auditors’ review report dated 10 August 2010 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes prepared by Independent Auditors

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