



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Nine-Month Period Ended 30 September 2011
*(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

3 November 2011

*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.**

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

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

We have reviewed the unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası Anonim Şirketi ("the Bank") as of 30 September 2011 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the nine-month interim period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of Türkiye Sınai Kalkınma Bankası Anonim Şirketi as of 30 September 2011 and the results of its operations and its cash flows, for the nine-month interim period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency.

Istanbul,
3 November 2011

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Orhan Akova
Partner

Additional paragraph for convenience translation to English:

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011**

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

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

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

November 3, 2011



Adnan BALI

**Chairman of
Board of Directors**



H. Fevzi ONAT

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



Ömer ERYILMAZ

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



Mustafa GÖKTAŞ

**Head of Financial
Control Department**



Mustafa Baran TUNCER

Member of Audit Committee



Kemal Serdar DİŞLİ

Member of Audit Committee



Murat BİLGİCİ

Member of Audit Committee

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

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2011
(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 the Bank's shareholding structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current year, if any and explanations on the controlling group of the Bank

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

Current Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	400.000	50,00	400.000	-
T. Vakıflar Bankası T.A.O.	67.020	8,38	67.020	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	332.970	41,62	332.970	-
Physically Under Custody (Other Institutions and Individuals)	10	-	10	-
Total	800.000	100,00	800.000	-

Prior Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	350.451	50,06	350.451	-
T. Vakıflar Bankası T.A.O.	58.642	8,38	58.642	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	290.894	41,56	290.894	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	700.000	100,00	700.000	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

<u>Title (1)</u>	<u>Name and Surname</u>	<u>Academic Background</u>	<u>Task</u>	<u>Experience in Banking and Management Before Appointment</u>
Chairman of the Board of Directors	Adnan Bali (2)	Undergraduate		25 years
Vice Chairman of the Board of Directors	Mehmet Şencan (4)	Undergraduate		23 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 Dışli	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
	Yonca Koçak	Undergraduate		20 years
	Mehmet Coşkun Cangöz	Doktorate		10 years
	Uygar Şafak Ögün	Postgraduate		15 years
Member of the Board of Directors and General Manager	H. Fevzi Onat (5)	Undergraduate	General Manager	30 years
Members of Audit Committee	M. Baran Tuncer	Doktorate		28 years
	Kemal Serdar Dışli	Postgraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
Senior Executive Presidents	A.Orhan Beşkök	Postgraduate	Technical Services	19 years
	Şeniz Yarcan	Undergraduate	Treasury, Investment Banking and External Relation	16 years
Executive Presidents	Burak Akgüç	Undergraduate	Corporate Marketing	14 years
	Ömer Eryılmaz	Undergraduate	Financial Control and Securities	20 years
	Çiğdem İçel (6)	Undergraduate	Operations and Human Resources	17 years
	Ufuk Bala Yücel	Undergraduate	Loans	20 years
Statutory Auditors	Volkan Kublay (3)	Undergraduate	Auditor	11 years
	Hamide Esmâ Uygun Çelikten (3)	Undergraduate	Auditor	14 years

Changes

<u>Title</u>	<u>Resigned</u>	<u>Appointed</u>
Chairman of the Board of Directors	Hakkı Ersin Özince (2)	Adnan Bali (2)
Member of the Board of Directors and General Manager	Halil Eroğlu (5)	H. Fevzi Onat (5)
Vice Chairman of the Board of Directors	Murat Vulkan (4)	Mehmet Şencan (4)
Statutory Auditors	Mete Uluyurt	Hamide Esmâ Uygun Çelikten (3)
Executive President	Şemseddin Arat (6)	

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

(2) Mr. Hakkı Ersin Özince, the Chairman of the Board of Directors, resigned from his duty of the Chairman of the Board of Directors on 15 April 2011 and Mr. Adnan Bali was elected as the Chairman of the Board of Directors within the frame of Turkish Commercial Law Article No.315. In the Board of Directors meeting held on 21 April 2011, Mr. Adnan Bali, the member of the Board Directors, was elected within the Articles of Association of Bank No:18 as the Chairman of the Board of Directors.

(3) In the General meeting held on 25 March 2011, Mr. Volkan Kublay and Mrs. Hamide Esmâ Uygun Çelikten were elected as Statutory Auditors for the year 2011.

(4) In the Board of Directors meeting numbered 2008 held on 7 June 2011, Murat Vulkan has resigned his duty of member of Board of Directors and Mehmet Şencan was elected and started his duty on 13 June 2011. Under the 18th Article of the main contract of the Bank, in the Board of Directors meeting with number 2011 held on 1 July 2011 Mehmet Şencan was elected as Vice Chairman of the Board of Directors and with the same Board of Directors meeting number, Mehmet Şencan was also elected as member of Corporate Board Committee.

(5) In the Board of Directors meeting numbered 2006 held on 30 May 2011, Halil Eroğlu resigned from his duties of the General Manager and member of Board of Directors (due to retirement) and H. Fevzi Onat was elected as member of Board of Directors within the frame of Turkish Commercial Law Article No.315. H.Fevzi Onat was also appointed as the General Manager. As of 13 June 2011 the legal procedures specified by the Banking Law was completed and H. Fevzi Onat started his duty as the General Manager.

(6) In the Board of Directors meeting numbered 2000 held on 28 April 2011, according to the organisation scheme, Şemseddin Arat resigned his duty of Information Technology and Human Resources (due to retirement) and Operation Executive President Çiğdem İçel was elected.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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	400.000	50,00	400.000	-
T. Vakıflar Bankası T.A.O.	67.020	8,38	67.020	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	332.970	41,62	332.970	-
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Total	800.000	100,00	800.000	-

Prior Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	350.451	50,06	350.451	-
T. Vakıflar Bankası T.A.O.	58.642	8,38	58.642	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	290.894	41,56	290.894	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	700.000	100,00	700.000	-

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 Izmir 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 (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2011

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

		Reviewed Current Period 30 September 2011			Audited Prior Period 31 December 2010		
ASSETS	Note Ref.	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	1.777	91.004	92.781	5.041	59.403	64.444
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	113.479	41.541	155.020	58.740	8.690	67.430
2.1 Trading financial assets		113.479	41.541	155.020	58.740	8.690	67.430
2.1.1 Public sector debt securities		92.282	-	92.282	55.528	-	55.528
2.1.2 Share certificates		1.243	-	1.243	138	-	138
2.1.3 Derivative financial assets held for trading		19.426	41.541	60.967	2.571	8.690	11.261
2.1.4 Other marketable securities		528	-	528	503	-	503
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	(3)	3.486	17.821	21.307	153.809	7.943	161.752
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.769.175	603.054	2.372.229	1.669.057	467.495	2.136.552
5.1 Share certificates		28.035	2.957	30.992	40.871	2.957	43.828
5.2 Public sector debt securities		1.650.021	403.823	2.053.844	1.553.796	358.689	1.912.485
5.3 Other marketable securities		91.119	196.274	287.393	74.390	105.849	180.239
VI. LOANS	(5)	1.838.610	4.194.424	6.033.034	1.734.109	3.038.809	4.772.918
6.1 Loans		1.838.610	4.194.424	6.033.034	1.734.109	3.038.809	4.772.918
6.1.1 Loans to risk group of the Bank		174.270	97.898	272.168	227.925	138.516	366.441
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1.664.340	4.096.526	5.760.866	1.506.184	2.900.293	4.406.477
6.2 Non performing loans		11.156	15.353	26.509	11.013	14.496	25.509
6.3 Specific provisions (-)		(11.156)	(15.353)	(26.509)	(11.013)	(14.496)	(25.509)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	116.389	-	116.389	304.791	-	304.791
8.1 Public sector debt securities		116.389	-	116.389	304.791	-	304.791
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	120.133	-	120.133	138.163	-	138.163
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		120.133	-	120.133	138.163	-	138.163
9.2.1 Financial investments		119.042	-	119.042	137.480	-	137.480
9.2.2 Non-financial investments		1.091	-	1.091	683	-	683
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	122.625	-	122.625	142.691	-	142.691
10.1 Unconsolidated financial subsidiaries		122.013	-	122.013	142.079	-	142.079
10.2 Unconsolidated non-financial subsidiaries		612	-	612	612	-	612
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	-	40.993	40.993	-	70.088	70.088
12.1 Finance lease receivables		-	42.475	42.475	-	72.344	72.344
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(1.482)	(1.482)	-	(2.256)	(2.256)
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)		9.136	2	9.138	15.981	1	15.982
XV. INTANGIBLE ASSETS (Net)		430	-	430	414	-	414
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		430	-	430	414	-	414
XVI. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET	(13)	14.631	-	14.631	16.798	-	16.798
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		14.631	-	14.631	16.798	-	16.798
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)	2.432	82.671	85.103	5.373	14.702	20.075
TOTAL ASSETS		4.112.303	5.071.510	9.183.813	4.244.967	3.667.131	7.912.098

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2011

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

		Reviewed Current Period 30 September 2011			Audited Prior Period 31 December 2010		
LIABILITIES	Note Ref.	TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	16.502	46.482	62.984	2.760	7.594	10.354
III. FUNDS BORROWED	(3)	-	6.374.281	6.374.281	10.002	4.987.844	4.997.846
IV. MONEY MARKET BALANCES		914.960	211.086	1.126.046	1.043.765	142.299	1.186.064
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		914.960	211.086	1.126.046	1.043.765	142.299	1.186.064
V. DEBT SECURITIES ISSUED (Net)		-	-	-	195.954	-	195.954
5.1 Bills		-	-	-	195.954	-	195.954
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		396	8.122	8.518	-	-	-
6.1 Borrower funds		396	8.122	8.518	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLE		63.081	27.367	90.448	53.245	20.342	73.587
VIII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
10.1 Finance lease payables		-	2	2	-	2	2
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(2)	(2)	-	(2)	(2)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	107.056	-	107.056	90.360	-	90.360
12.1 General loan loss provisions		61.570	-	61.570	45.084	-	45.084
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		3.676	-	3.676	3.436	-	3.436
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		41.810	-	41.810	41.840	-	41.840
XIII. TAX LIABILITY	(9)	13.879	-	13.879	15.758	-	15.758
13.1 Current tax liability		13.879	-	13.879	15.758	-	15.758
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)	-	93.661	93.661	-	77.947	77.947
XVI. SHAREHOLDERS' EQUITY	(10)	1.285.114	21.826	1.306.940	1.232.041	32.187	1.264.228
16.1 Paid-in capital		800.000	-	800.000	700.000	-	700.000
16.2 Capital reserves		15.942	21.826	37.768	98.676	32.187	130.863
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(15.606)	21.826	6.220	67.128	32.187	99.315
16.2.4 Tangible assets revaluation differences		31.174	-	31.174	31.174	-	31.174
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging reserves (Effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	374	-	374
16.3 Profit reserves		286.166	-	286.166	221.736	-	221.736
16.3.1 Legal reserves		95.361	-	95.361	73.559	-	73.559
16.3.2 Statutory reserves		47.510	-	47.510	36.929	-	36.929
16.3.3 Extraordinary reserves		140.375	-	140.375	108.328	-	108.328
16.3.4 Other profit reserves		2.920	-	2.920	2.920	-	2.920
16.4 Profit or loss		183.006	-	183.006	211.629	-	211.629
16.4.1 Prior years' profit/loss		-	-	-	-	-	-
16.4.2 Current year profit/loss		183.006	-	183.006	211.629	-	211.629
TOTAL LIABILITIES AND EQUITY		2.400.988	6.782.825	9.183.813	2.643.885	5.268.213	7.912.098

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 30 SEPTEMBER 2011

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

		Reviewed Current Period 30 September 2011			Audited Prior Period 31 December 2010		
	Note Ref.	TL	FC	Total	TL	FC	Total
A.							
OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		2.183.682	6.588.217	8.771.899	1.288.721	4.212.043	5.500.764
I. GUARANTEES AND COLLATERALS	(1)	284.486	994.639	1.279.125	350.881	743.037	1.093.918
1.1 Letters of guarantee		272.052	457.370	729.422	319.866	481.459	801.325
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		272.052	457.370	729.422	319.866	481.459	801.325
1.2 Bank acceptances		-	3.271	3.271	-	-	-
1.2.1 Import letters of acceptance		-	3.271	3.271	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	533.998	533.998	-	259.695	259.695
1.3.1 Documentary letters of credit		-	533.998	533.998	-	259.695	259.695
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		12.434	-	12.434	31.015	1.883	32.898
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		739.488	1.661.841	2.401.329	516.515	636.309	1.152.824
2.1 Irrevocable commitments		104.213	161.981	266.194	67.488	93.960	161.448
2.1.1 Forward asset purchase and sales commitments		89.541	142.805	232.346	43.730	84.587	128.317
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		-	7.988	7.988	-	-	-
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		-	-	-	-	-	-
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		14.672	11.188	25.860	23.758	9.373	33.131
2.2 Revocable commitments		635.275	1.499.860	2.135.135	449.027	542.349	991.376
2.2.1 Revocable loan granting commitments		635.275	1.499.860	2.135.135	449.027	542.349	991.376
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		1.159.708	3.931.737	5.091.445	421.325	2.832.697	3.254.022
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		1.159.708	3.931.737	5.091.445	421.325	2.832.697	3.254.022
3.2.1 Forward foreign currency buy/sell transactions		195.184	560.902	756.086	17.825	18.191	36.016
3.2.1.1 Forward foreign currency transactions-buy		97.828	280.463	378.291	5.767	12.403	18.170
3.2.1.2 Forward foreign currency transactions-sell		97.356	280.439	377.795	12.058	5.788	17.846
3.2.2 Swap transactions related to f.c. and interest rates		200.016	2.279.127	2.479.143	109.495	622.047	731.542
3.2.2.1 Foreign currency swaps-buy		91.841	475.897	567.738	33.838	93.641	127.479
3.2.2.2 Foreign currency swaps-sell		108.175	457.134	565.309	75.657	46.808	122.465
3.2.2.3 Interest rate swaps-buy		-	673.048	673.048	-	240.799	240.799
3.2.2.4 Interest rate swaps-sell		-	673.048	673.048	-	240.799	240.799
3.2.3 Foreign currency, interest rate and securities options		764.508	1.063.858	1.828.366	259.564	536.750	796.314
3.2.3.1 Foreign currency options-buy		400.124	489.686	889.810	139.602	232.459	372.061
3.2.3.2 Foreign currency options-sell		364.384	522.110	886.494	119.962	247.627	367.589
3.2.3.3 Interest rate options-buy		-	26.031	26.031	-	28.332	28.332
3.2.3.4 Interest rate options-sell		-	26.031	26.031	-	28.332	28.332
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		-	-	-	-	1.573.170	1.573.170
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	1.573.170	1.573.170
3.2.6 Other		-	27.850	27.850	34.441	82.539	116.980
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		6.566.974	59.982.243	66.549.217	3.859.979	41.668.839	45.528.818
IV. ITEMS HELD IN CUSTODY		1.193.175	279.423	1.472.598	1.345.116	183.716	1.528.832
4.1 Customers' securities held		9.777	-	9.777	7.233	122	7.355
4.2 Investment securities held in custody		288.384	271.301	559.685	283.132	183.594	466.726
4.3 Checks received for collection		-	8.122	8.122	76	-	76
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		18.219	-	18.219	18.101	-	18.101
4.8 Custodians		876.795	-	876.795	1.036.574	-	1.036.574
V. PLEDGED ITEMS		4.452.366	36.872.001	41.324.367	1.777.664	24.744.564	26.522.228
5.1 Marketable securities		2.532	1.274.790	1.277.322	2.277	749.703	751.980
5.2 Guarantee notes		66.571	1.674.013	1.740.584	69.093	1.600.660	1.669.753
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		105.344	6.421.953	6.527.297	81.510	4.112.535	4.194.045
5.6 Other pledged items		4.277.919	27.501.245	31.779.164	1.624.784	18.281.666	19.906.450
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		921.433	22.830.819	23.752.252	737.199	16.740.559	17.477.758
TOTAL OFF BALANCE SHEET ITEMS (A+B)		8.750.656	66.570.460	75.321.116	5.148.700	45.880.882	51.029.582

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Reviewed Current Period 1 January – 30 September 2011	Reviewed Prior Period 1 January – 30 September 2010	Reviewed Current Period 1 July – 30 September 2011	Reviewed Prior Period 1 July – 30 September 2010
I. INTEREST INCOME	(1)	376.162	327.190	136.454	110.295
1.1 Interest income on loans		213.619	139.421	78.090	45.573
1.2 Interest received from reserve deposits		-	17	-	8
1.3 Interest received from banks		8.079	6.918	1.982	2.835
1.4 Interest received from money market placements		4	104	4	37
1.5 Interest received from marketable securities portfolio		152.549	177.542	55.799	60.836
1.5.1 Financial assets held for trading		3.106	3.102	1.152	988
1.5.2 Financial assets at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		124.191	148.849	47.364	51.229
1.5.4 Investments held-to-maturity		25.252	25.591	7.283	8.619
1.6 Finance lease income		1.775	2.790	534	803
1.7 Other interest income		136	398	45	203
II. INTEREST EXPENSES	(2)	(110.481)	(99.949)	(36.712)	(33.163)
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(55.946)	(33.995)	(21.708)	(11.903)
2.3 Interest on money market borrowings		(50.478)	(64.199)	(14.476)	(19.511)
2.4 Interest on securities issued		(4.033)	(1.746)	(511)	(1.746)
2.5 Other interest expenses		(24)	(9)	(17)	(3)
III. NET INTEREST INCOME (I - II)		265.681	227.241	99.742	77.132
IV. NET FEES AND COMMISSIONS INCOME		8.539	7.926	3.353	2.168
4.1 Fees and commissions received		9.346	9.570	3.585	2.742
4.1.1 Non-cash loans		5.056	3.362	1.927	1.504
4.1.2 Other		4.290	6.208	1.658	1.238
4.2 Fees and commissions paid		(807)	(1.644)	(232)	(574)
4.2.1 Non-cash loans		(2)	(2)	(1)	(1)
4.2.2 Other		(805)	(1.642)	(231)	(573)
V. DIVIDEND INCOME		24.989	22.683	-	31
VI. TRADING INCOME / LOSSES (Net)	(3)	(10.430)	(1.384)	(7.201)	(3.141)
6.1 Securities trading gains/losses		(1.063)	(4.177)	939	(2.480)
6.2 Derivative financial instruments gains/losses		(15.349)	(594)	(20.201)	(2.070)
6.3 Foreign exchange gains/losses (net)		5.982	3.387	12.061	1.409
VII. OTHER OPERATING INCOME	(4)	15.169	20.198	2.216	12.338
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		303.948	276.664	98.110	88.528
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	(32.618)	(18.453)	(18.014)	(12.379)
X. OTHER OPERATING EXPENSES (-)	(6)	(44.673)	(44.833)	(13.269)	(14.761)
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)		226.657	213.378	66.827	61.388
XII. AMOUNT IN EXCESS RECORDED AS INCOME RESULTED FROM 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)	226.657	213.378	66.827	61.388
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(7)	(43.651)	(44.707)	(14.113)	(15.180)
16.1 Current tax charge		(35.185)	(39.232)	(11.027)	(12.131)
16.2 Deferred tax charge		(8.466)	(5.475)	(3.086)	(3.049)
XVII. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		183.006	168.671	52.714	46.208
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
18.3 Income from other discontinued operations		-	-	-	-
XIX. LOSS ON DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Losses on assets held for sale		-	-	-	-
19.2 Losses on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
19.3 Losses on other discontinued operations		-	-	-	-
XX. PROFIT / LOSS ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(9)	183.006	168.671	52.714	46.208
Earnings/losses per share		0,23	0,21	0,07	0,06

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Reviewed Current Period 1 January – 30 September 2011	Reviewed Prior Period 1 January – 30 September 2010
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(40.662)	15.386
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	(58.732)	12.482
IX. DEFERRED TAX OF VALUATION DIFFERENCES	6.299	(3.319)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(93.095)	24.549
XI. CURRENT YEAR PROFIT/LOSS	183.006	168.671
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(596)	63
11.2 Reclassification of and recycling derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3 Recycling hedge of net investments in foreign operations to Income Statement	-	-
11.4 Other	183.602	168.608
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	89.911	193.220

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Reviewed Current Period 30 September 2011	Reviewed Prior Period 30 September 2010
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	569.443	185.431
1.1.1 Interest received	394.879	331.724
1.1.2 Interest paid	(115.663)	(108.017)
1.1.3 Dividends received	4.746	3.126
1.1.4 Fees and commissions received	9.346	9.570
1.1.5 Other income	(1.243)	18.932
1.1.6 Collections from previously written off loans and other receivables	5.778	4.935
1.1.7 Payments to personnel and service suppliers	(33.294)	(35.048)
1.1.8 Taxes paid	(36.723)	(27.010)
1.1.9 Others	341.617	(12.781)
1.2 Changes in operating assets and liabilities	(434.568)	(401.263)
1.2.1 Net (increase) decrease in financial assets held for trading	(39.287)	(54.808)
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	(686.583)	(335.827)
1.2.5 Net (increase) decrease in other assets	(102.700)	(36.131)
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	439.510	376.244
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(45.508)	(350.741)
I. Net cash provided from banking operations	134.875	(215.832)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(49.340)	44.551
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(800)	(233)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	392	15.098
2.3 Purchases of tangible assets	(953)	(285)
2.4 Sales of tangible assets	10.483	5.140
2.5 Cash paid for purchase of financial assets available for sale	(236.002)	24.980
2.6 Cash obtained from sale of financial assets available for sale	-	-
2.7 Cash paid for purchase of investments held to maturity	-	-
2.8 Cash obtained from sale of investments held to maturity (*)	177.795	-
2.9 Others	(255)	(149)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	(237.943)	165.842
3.1 Cash obtained from funds borrowed and securities issued	-	199.994
3.2 Cash used for repayment of funds borrowed and securities issued	(190.744)	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(47.199)	(34.152)
3.5 Payments for finance leases	-	-
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	9.275	1.192
V. Net increase / (decrease) in cash and cash equivalents	(143.133)	(4.247)
VI. Cash and cash equivalents at the beginning of the period	169.034	157.567
VII. Cash and cash equivalents at the end of the period	25.901	153.320

(*) The amount mentioned above comprises redemption of held to maturity investments on 11 May 2011 and 3 August 2011.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

I.a Presentation of financial statements

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

The Bank prepares its financial statements and underlying documents 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.

Additional paragraph for convenience translation to English

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

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

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the 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 (Continued)

ACCOUNTING POLICIES (Continued)

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

The main sources of the funds of the Bank have variable interest rates. The financial balances are monitored 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 indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

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

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors' expectations and their tendencies, interest 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 reporting date, and the resulting gains and losses are recorded in foreign exchange gains or losses.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on investments in associates and subsidiaries

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

IV. 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 economic hedges, are accounted for as trading transactions since they are not qualified to be hedging instruments as per “Financial Instruments: Recognition and Measurement” (“TAS 39”). Realized gains or losses are reflected in the statement of income on these derivative instruments.

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

V. Explanations on interest income and expenses

Interest income and expenses are recognized in the income statement for all interest bearing instruments 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 accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

VI. Explanations on fees and commission income and expenses

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

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments constitute the both of the Bank's trading activities and operations. Risks related with these instruments 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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

Available for sale financial assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income 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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

VIII. Explanations on impairment of financial assets

At each reporting 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.

Loans are classified and followed in line with the provisions of the “Regulation on Identification of Loans and Other Receivables and Provisioning against Them”, published on the Official Gazette nr.26333 dated 1 November 2006. Specific provision is allocated for the total amount of loans and other receivables, which is deemed non-performing, without being restricted by the minimum legal requirements stated in the related regulation, and such specific provisions are recognized in the income statement. The provisions, which are released within the same year, are credited to the “Provision Expenses” account and the released parts of the provisions from the previous years are transferred to and recognized in the “Other Operating Income” account.

Other than specific provision, the Bank provides “general provision” for loans and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. The Bank was providing 0,5% general provision for cash loans and other receivables; 0,1% general provision for non-cash loans until 1 November 2006. With the changes in the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No: 26333 dated 1 November 2006, the Bank started to provide general provision as follows: after 31 October 2006, if standard cash loans and other receivables increased; for the increased part, the provision is 1%; for the account of 31 October 2006 it is 0,5%; after 31 October 2006, if there is an increase in non-cash loans, for the increased part it is 0,2%; and for the account of 31 October 2006 it is 0,1%.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on impairment of financial assets (continued)

As a consequence of the regulation published in Official Gazette No. 27968 dated 18 June 2011 amending the “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, for the banks, of which the consumer loans exceed 20% of total loans, general loan loss provision ratio is 4% for consumer loans which are followed under standard loans and receivables except car and housing loans; and is 8% for the loans under close monitoring except car and housing loans. Since the consumer loans of the Bank are composed of personnel loans as of 30 September 2011 and do not exceed the ratios mentioned above, additional general loan loss provision has not been calculated.

IX. Explanations on offsetting of financial assets and liabilities

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

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

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

All of the repurchase agreements of the Bank are based on the short-term Eurobonds issued by Republic of Turkey Undersecretariat of Treasury and 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 (Continued)

ACCOUNTING POLICIES (Continued)

XI. Explanations on assets held for sale and discontinued operations

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale 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.

XII. Explanations on goodwill and other intangible assets

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the 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 stand alone financial statements of the Bank do not include goodwill as of the reporting 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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on tangible assets

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

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

Regular maintenance and repair expenditures are expensed.

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

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

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

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

XIV. 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 assets acquired by financial leases are amortized based on the useful lives of the assets.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on provisions and contingent assets and liabilities

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

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

XVI. 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on liabilities regarding employee benefits (continued)

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.

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to two-year extension was published in the Official Gazette dated 9 April 2011. Accordingly, the three-year period, expired on 8 May 2011, has been extended to 8 May 2013 by the resolution of the Council of Ministers. The principles and practices will be determined in the forthcoming Council of Ministers Decree.

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. The application of the Main Opposition Party was rejected by the Higher Court with the resolution dated 30 March 2011.

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

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2010 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 2 February 2011, 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation

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

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted by the reporting 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 reporting date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the 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.

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.

Banks in Bahrain are not subject to tax according to the regulations of that country.

Transfer pricing:

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Additional explanations on borrowings

Borrowings are recognized at initial cost on transaction date and carried at amortized cost using effective interest method. In the accompanying financial statements, foreign currency debt instruments are valued using foreign exchange rates of the 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.

XIX. Explanations on debt securities issued

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 2011; it has been resolved that, paid-in capital of the Bank will be increased from TL 700.000 to TL 800.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 100.000 of this increase will be incorporated from the profit of the year 2010. The increase in paid-in capital was approved by the BRSA on 12 May 2011 and has been published in the Turkish Trade Registry Gazette No: 7824 on 27 May 2011.

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 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 18 May 2010 and has been published in the Turkish Trade Registry Gazette No: 7576 on 2 June 2010.

XX. Explanations on acceptances

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

XXI. Explanations on government incentives

The Bank does not use government incentives.

XXII. 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 (Continued)

ACCOUNTING POLICIES (Continued)

XXII. Explanations on segment reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	157.380	108.301	-	265.681
Net Commission and Fees Income	4.603	3.335	601	8.539
Other Income	10.704	37	30.517	41.258
Other Expense	(45.816)	(25.452)	(17.553)	(88.821)
Profit Before Tax	126.871	86.221	13.565	226.657
Tax Provision				(43.651)
Net Profit				183.006
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	6.074.027	2.757.726	109.302	8.941.055
Investment in Associates and Subsidiaries	-	-	242.758	242.758
Total Assets	6.074.027	2.757.726	352.060	9.183.813
Segment Liabilities	6.079.057	1.586.433	211.383	7.876.873
Shareholder's Equity	-	-	1.306.940	1.306.940
Total Liabilities	6.079.057	1.586.433	1.518.323	9.183.813

Prior Period (*)	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	111.792	115.449	-	227.241
Net Commission and Fees Income	3.422	3.732	772	7.926
Other Income	14.991	1.730	27.167	43.888
Other Expense	(26.871)	(24.765)	(14.041)	(65.677)
Profit Before Tax	103.334	96.146	13.898	213.378
Tax Provision				(44.707)
Net Profit				168.671
Prior Period (**)	Corporate Banking	Investment Banking	Other	Total
Segment Assets	4.843.006	2.734.969	53.269	7.631.244
Investment in Associates and Subsidiaries	-	-	280.854	280.854
Total Assets	4.843.006	2.734.969	334.123	7.912.098
Segment Liabilities	5.075.792	1.392.372	179.706	6.647.870
Shareholder's Equity	-	-	1.264.228	1.264.228
Total Liabilities	5.075.792	1.392.372	1.443.934	7.912.098

(*) The information is related to 30 September 2010.

(**) The information is related to 31 December 2010.

XXIII. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations related to the capital adequacy standard ratio

The capital adequacy ratio is 19,03% as at 30 September 2011 (31 December 2010: 22,73%). 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)	223.939	-	472.204	1.201.057	4.758.216	16	9
Cash	259	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	4.335	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	21.307	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	88.187	-	-	-	-	-	-
Loans	-	-	368.679	1.084.833	4.201.256	16	9
Non-performing Loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables	-	-	7.487	6.551	26.955	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	95.787	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-
Miscellaneous Payable	-	-	67.397	-	707	-	-
Interest and Income Accruals	20.602	-	7.334	109.673	262.002	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	242.758	-	-
Tangible Assets	-	-	-	-	8.445	-	-
Other Assets	14.769	-	-	-	16.093	-	-
Off-Balance Sheet Items	14.401	-	217.803	75.150	883.718	-	-
Guarantees and Commitments	14.401	-	162.452	75.150	858.905	-	-
Derivative Financial Instruments	-	-	55.351	-	24.813	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	238.340	-	690.007	1.276.207	5.641.934	16	9

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	6.418.081	4.836.490
Amount Subject to Market Risk (ASMR)	634.825	551.125
Amount Subject to Operational Risk (ASOR)	533.236	411.926
Shareholders' Equity	1.443.993	1.318.425
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	19,03	22,73

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	800.000	700.000
Nominal Capital	800.000	700.000
Capital Commitments (-)	-	-
Inflation Adjustment to Share Capital	374	374
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	95.361	73.559
First Legal Reserve (Turkish Commercial Code 466/1)	47.510	36.928
Second Legal Reserve (Turkish Commercial Code 466/2)	47.851	36.631
Other Legal Reserve per Special Legislation	-	-
Status Reserves	47.510	36.929
Extraordinary Reserves	143.295	111.248
Reserves Allocated by the General Assembly	140.375	108.328
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	183.006	211.629
Current Period Profit	183.006	211.629
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	31.174
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 (-)	(245)	(313)
Prepaid Expenses (-) (*)	-	(5.779)
Intangible Assets (-)	(430)	(414)
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	1.300.045	1.158.407

(*) According to the "Regulation on the Amendment of the Regulation Pertaining to the Equity Capital of Banks" published in the Official Gazette numbered 27870 dated 10 March 2011, prepaid expenses are excluded from shareholders' equity calculation and included in calculation of credit risk.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Loan Loss Provisions	61.570	45.084
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	92.500	77.500
45% of the Marketable Securities Value Increase Fund (*)	(9.674)	44.691
Associates and Subsidiaries	(22.679)	16.224
Available for Sale Securities	13.005	28.467
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	144.396	167.275
TIER III CAPITAL		
CAPITAL	1.444.441	1.325.682
DEDUCTIONS FROM THE CAPITAL	(448)	(7.257)
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	(448)	(7.257)
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	1.443.993	1.318.425

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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	30.617
Resulting from Financial Instruments related to Interest Income	27.788
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.829
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	13.980
Resulting from Financial Instruments related to Interest Income	11.151
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.829
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	6.189
Capital Requirement	6.166
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	23
(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)	50.786
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	634.825

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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 reporting date and the previous five working days in USD, EURO and YEN are as follows:

	1 USD	1 EURO	1 YEN
A. Bank "Foreign Exchange Valuation Rate"			
30 September 2011	1,8500	2,5075	0,0242
Prior Five Workdays:			
29 September 2011	1,8550	2,5256	0,0242
28 September 2011	1,8430	2,4999	0,0241
27 September 2011	1,8380	2,4870	0,0241
26 September 2011	1,8400	2,4674	0,0241
23 September 2011	1,8300	2,4676	0,0240

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Bank before the reporting date are TL 1,7839, TL 2,4612 and TL 0,0232; respectively.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. Explanations related to currency risk (continued)

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.	90.919	79	-	6	91.004
Banks	1.939	15.083	334	465	17.821
Financial Assets at Fair Value Through Profit and Loss (*)	28.188	11.027	-	-	39.215
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	71.585	531.469	-	-	603.054
Loans (**)	2.724.639	3.180.923	211	-	5.905.773
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	2	2
Intangible Assets	-	-	-	-	-
Other Assets (***)	35.035	79.984	-	6	115.025
Total Assets	2.952.305	3.818.565	545	479	6.771.894
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	48.034	162.760	-	292	211.086
Funds Provided From Other Financial Institutions	3.092.484	3.375.458	-	-	6.467.942
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	1.975	25.382	-	10	27.367
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	29.407	20.161	-	349	49.917
Total Liabilities	3.171.900	3.583.761	-	651	6.756.312
Net Balance Sheet Position	(219.595)	234.804	545	(172)	15.582
Net Off-Balance Sheet Position	176.615	(212.364)	(657)	1.301	(35.105)
Financial Derivative Assets	820.282	485.132	-	1.301	1.306.715
Financial Derivative Liabilities	(643.667)	(697.496)	(657)	-	(1.341.820)
Non-Cash Loans (*****)	284.652	709.987	-	-	994.639
Prior Period					
Total Assets	2.444.369	2.735.165	3.180	1.188	5.183.902
Total Liabilities	2.447.244	2.787.894	-	843	5.235.981
Net Balance Sheet Position	(2.875)	(52.729)	3.180	345	(52.079)
Net Off-Balance Sheet Position	(9.509)	89.739	(3.611)	-	76.619
Financial Derivative Assets	125.430	265.787	8.749	-	399.966
Financial Derivative Liabilities	(134.939)	(176.048)	(12.360)	-	(323.347)
Non-Cash Loans (*****)	138.580	604.457	-	-	743.037

(*) Exchange rate differences arising from derivative transactions amounting to TL 2.326 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended, include TL 1.711.349 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 8.639 have not been included in other assets.

(****) Marketable securities valuation increase fund amounting to TL 21.826 and exchange rate differences arising from derivative transactions amounting to TL 4.687 have not been included in "Other Liabilities". Borrower funds amounting to TL 8.122 are included in "Other Liabilities" on the basis of related foreign currencies.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. Explanations related to interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	92.781	92.781
Banks	-	-	-	-	-	21.307	21.307
Financial Assets at Fair Value Through Profit and Loss	17.819	7.290	30.962	94.383	2.795	1.771	155.020
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	703.276	285.664	462.758	602.522	283.188	34.821	2.372.229
Loans	747.584	2.757.084	2.126.880	333.903	67.583	-	6.033.034
Held-to-Maturity Investments	-	-	116.389	-	-	-	116.389
Other Assets	9.261	16.033	13.737	1.962	-	352.060	393.053
Total Assets	1.477.940	3.066.071	2.750.726	1.032.770	353.566	502.740	9.183.813
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.040.596	81.804	3.646	-	-	-	1.126.046
Miscellaneous Payables	-	-	-	-	-	90.448	90.448
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	846.668	2.288.951	3.090.655	35.346	206.322	-	6.467.942
Other Liabilities (**)	26.575	7.581	33.674	3.672	-	1.427.875	1.499.377
Total Liabilities	1.913.839	2.378.336	3.127.975	39.018	206.322	1.518.323	9.183.813
Balance Sheet Long Position	-	687.735	-	993.752	147.244	-	1.828.731
Balance Sheet Short Position	(435.899)	-	(377.249)	-	-	(1.015.583)	(1.828.731)
Off-Balance Sheet Long Position	-	113	-	7.351	-	-	7.464
Off-Balance Sheet Short Position	(4.566)	-	-	-	-	-	(4.566)
Total Position	(440.465)	687.848	(377.249)	1.001.103	147.244	(1.015.583)	2.898

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

(**) Borrower funds amounting to TL 8.518 are presented in "Other Liabilities" on the basis of related maturities.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. Explanations related to interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	EURO	USD	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	-
Financial Assets at Fair Value through Profit and Loss	-	-	-	8,25
Money Market Placements		-	-	-
Available-for-Sale Financial Assets	5,62	5,73	-	8,89
Loans	4,78	3,73	4,96	10,35
Held-to-Maturity Investments	-	-	-	23,25
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,99	1,31	-	5,83
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	1,00	1,00	-	5,83
Funds Provided from Other Financial Institutions	1,94	0,75	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. Explanations related to interest rate risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	64.444	64.444
Banks	-	-	150.133	-	-	11.619	161.752
Financial Assets at Fair Value Through Profit and Loss	2.029	1.359	10.187	49.437	3.777	641	67.430
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	700.593	604.503	183.190	317.418	283.017	47.831	2.136.552
Loans	1.415.473	1.833.425	1.280.116	189.806	54.098	-	4.772.918
Held-to-Maturity Investments	-	109.641	195.150	-	-	-	304.791
Other Assets	4.088	42.978	20.044	2.978	-	334.123	404.211
Total Assets	2.122.183	2.591.906	1.838.820	559.639	340.892	458.658	7.912.098
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.175.724	7.580	2.760	-	-	-	1.186.064
Miscellaneous Payables	-	-	-	-	-	73.587	73.587
Marketable Securities Issued	-	150.089	45.865	-	-	-	195.954
Funds Provided from Other Financial Institutions	1.836.392	2.174.993	976.918	18.340	69.150	-	5.075.793
Other Liabilities	1.322	833	7.351	768	80	1.370.346	1.380.700
Total Liabilities	3.013.438	2.333.495	1.032.894	19.108	69.230	1.443.933	7.912.098
Balance Sheet Long Position	-	258.411	805.926	540.531	271.662	-	1.876.530
Balance Sheet Short Position	(891.255)	-	-	-	-	(985.275)	(1.876.530)
Off-Balance Sheet Long Position	-	-	-	152.364	45.208	-	197.572
Off-Balance Sheet Short Position (**)	(1.588.888)	(10.282)	(161.469)	-	-	-	(1.760.639)
Total Position	(2.480.143)	248.129	644.457	692.895	316.870	(985.275)	(1.563.067)

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

(**) TL 1.573.170 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 (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. Explanations related to interest rate risk (continued)

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

	EURO	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	8,00
Financial Assets at Fair Value through Profit and Loss	-	-	-	8,15
Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	5,49	5,83	-	9,49
Loans	4,07	3,48	4,96	9,07
Held-to-Maturity Investments	-	-	-	13,47
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,00	1,03	-	6,70
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	8,34
Funds	-	-	-	-
Funds Provided from Other Financial Institutions	1,44	1,03	-	7,00

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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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

V. Explanations related to liquidity risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	4.594	88.187	-	-	-	-	-	92.781
Banks	21.307	-	-	-	-	-	-	21.307
Financial Assets at Fair Value Through Profit and Loss	1.771	10.860	2.524	30.818	99.013	10.034	-	155.020
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	3.829	-	3.689	160.696	1.507.210	665.813	30.992	2.372.229
Loans	-	95.191	132.752	952.224	3.589.662	1.263.205	-	6.033.034
Held-to-Maturity Investments	-	-	-	116.389	-	-	-	116.389
Other Assets	-	16.868	7.296	16.212	13.861	-	338.816	393.053
Total Assets	31.501	211.106	146.261	1.276.339	5.209.746	1.939.052	369.808	9.183.813
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	167.637	46.469	743.675	2.258.125	3.252.036	-	6.467.942
Money Market Borrowings	-	1.040.596	81.804	3.646	-	-	-	1.126.046
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	90.448	90.448
Other Liabilities (**)	-	24.057	2.438	30.984	6.974	7.049	1.427.875	1.499.377
Total Liabilities	-	1.232.290	130.711	778.305	2.265.099	3.259.085	1.518.323	9.183.813
Liquidity Gap	31.501	(1.021.184)	15.550	498.034	2.944.647	(1.320.033)	(1.148.515)	-
Prior Period								
Total Assets	23.677	379.249	470.432	1.217.041	4.088.199	1.355.549	377.951	7.912.098
Total Liabilities	-	1.420.479	241.263	466.811	1.777.985	2.561.627	1.443.933	7.912.098
Liquidity Gap	23.677	(1.041.230)	229.169	750.230	2.310.214	(1.206.078)	(1.065.982)	-

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

(**) Borrower funds amounting to TL 8.518 are presented in "Other Liabilities" on the basis of related maturities.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	97	162	93	184
Balances with the Central Bank of Turkey	1.680	90.842	4.948	59.219
Other	-	-	-	-
Total	1.777	91.004	5.041	59.403

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	1.680	2.655	4.948	2.189
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	88.187	-	57.030
Total	1.680	90.842	4.948	59.219

(*) Deposits 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 reporting date, the Bank has no trading securities given as collateral or blocked (31 December 2010: None).

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

As of the reporting date, the Bank has no trading securities subject to repurchase agreements (31 December 2010: None).

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

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

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blocked (31 December 2010: None).

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

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2010: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	9.590	1.792	373	-
Swap Transactions	9.836	9.439	1.722	3.798
Futures Transactions	-	-	-	-
Options	-	30.310	352	4.892
Other	-	-	124	-
Total	19.426	41.541	2.571	8.690

3. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	3.486	1.198	153.809	1.251
Foreign	-	16.623	-	6.692
Branches and head office abroad	-	-	-	-
Total	3.486	17.821	153.809	7.943

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	829.581	54.378	861.837	47.296
Treasury bills	-	-	-	-
Other debt securities	-	192.573	-	117.454
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	829.581	246.951	861.837	164.750

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

4.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 426.755 (31 December 2010: TL 342.225).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	347.812	78.943	266.543	75.682
Other	-	-	-	-
Total	347.812	78.943	266.543	75.682

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

Available for sale financial assets comprise government bonds 71,91%, Eurobonds 14,67% and shares and other securities 13,42% (31 December 2010: government bonds 74,94%, Eurobonds 14,57% and shares and other securities 10,49%).

Financial and non-financial investments, to which the Bank has invested between 0,35% to 7,00% of their share capital are classified in available-for-sale financial assets.

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

	Current Period	Prior Period
Debt securities	2.347.758	2.092.006
Quoted on a stock exchange	1.801.165	1.673.839
Unquoted	546.593	418.167
Share certificates	46.144	53.457
Quoted on a stock exchange	21.370	29.433
Unquoted	24.774	24.024
Impairment provision(-)	(25.501)	(12.914)
Other	3.828	4.003
Total	2.372.229	2.136.552

Net book value of unquoted available for sale share certificates is TL 15.984 (31 December 2010: TL 15.234).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans

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	100.340	117.413	98.978	117.413
Corporate shareholders	100.340	117.413	98.978	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	159	-	281	-
Total	100.499	117.413	99.259	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	5.974.787	1.959	38.477	17.811
Discount notes	-	-	-	-
Export loans	40.866	-	-	-
Import loans	-	-	-	-
Investment loans	3.701.003	1.959	27.623	15.647
Loans given to financial sector	703.207	-	-	-
Foreign loans	9.623	-	-	-
Consumer loans	159	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	1.519.929	-	10.854	2.164
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	5.974.787	1.959	38.477	17.811

(*) Close monitoring receivables from leasing transactions amounting to TL 9.712 have been also included (31 December 2010: TL 15.032).

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

5.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-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	120	39	159
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	120	39	159
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	120	39	159

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

5.d Information on 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 reporting date (31 December 2010: None).

5.e Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	6.023.411	4.772.569
Foreign loans	9.623	349
Total	6.033.034	4.772.918

5.f Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	174.270	227.925
Indirect loans granted to subsidiaries and associates	-	-
Total	174.270	227.925

5.g Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectibility	6.329	8.778
Loans and receivables with doubtful collectability	5.977	-
Uncollectible loans and receivables	14.203	16.731
Loans and receivables with limited collectibility	26.509	25.509

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	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	5.977	4.521
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	5.977	4.521
Prior Period			
(Gross amounts before provisions)	8.778	-	5.057
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	8.778	-	5.057

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Prior period end balance	8.778	-	16.731
Additions (+)	6.713	-	86
Transfers from other categories of non-performing Loans (+)	-	8.778	-
Transfers to other categories of non-performing loans (-)	(8.778)	-	-
Collections (-)	(384)	(2.801)	(2.614)
Write-offs (-)	-	-	-
Corporate and Commercial Loans			
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	6.329	5.977	14.203
Specific provision (-)	(6.329)	(5.977)	(14.203)
Net Balances on Balance Sheet	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
Period End Balance	3.988	5.977	5.388
Specific Provision (-)	(3.988)	(5.977)	(5.388)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	8.767	-	5.729
Specific Provision (-)	(8.767)	-	(5.729)
Net Balance on Balance Sheet	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	6.329	5.977	8.860
Specific Provision Amount (-)	(6.329)	(5.977)	(8.860)
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)	8.778	-	11.388
Specific Provision Amount (-)	(8.778)	-	(11.388)
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 (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 reporting date, the Bank has no held-to-maturity investments securities given as collateral or blocked (31 December 2010: None).

6.a.2 As of the reporting date, the Bank has TL 81.373 of investment securities held-to-maturity subject to repurchase agreements (31 December 2010: TL 202.925).

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

As of the reporting date, the Bank has TL 116.389 of investment securities held-to-maturity (31 December 2010: TL 304.791).

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

	Current Period	Prior Period
Debt Instrument	116.389	304.791
Quoted	116.389	304.791
Unquoted	-	-
Impairment Provision (-)	-	-
Total	116.389	304.791

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

	Current Period	Prior Period
Beginning Balance	273.582	273.582
Foreign currency differences on monetary assets	-	-
Purchases during year	-	-
Disposals through sales and redemptions (*)	(177.795)	-
Impairment provision (-)	-	-
Closing Balance	95.787	273.582
Interest and Income Accruals	20.602	31.209
Total	116.389	304.791

(*) The amount comprises redemption of held to maturity investments on 11 May 2011 and 3 August 2011.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on associates (net)

7.a.1 Information on associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Factoring Finansman Hizmetleri A.Ş. (İş Factoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	56,46
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş (İş Girişim)	Istanbul/Turkey	16,67	57,67
4	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
5	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/ Turkey	10,00	10,00

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
İş Factoring (1)	361.624	51.570	694	25.566	6	6.119	5.334	-
İş Finansal (2)	1.728.886	479.329	1.247	90.519	893	41.013	63.702	100.691
İş Girişim (3)	134.829	131.477	243	-	-	(3.599)	12.255	16.800
Terme (4)	18.576	3.673	731	306	-	651	674	-
Ege Tarım (5)	7.962	7.957	1.566	159	-	77	-	-

- (1) Represents un-reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements.
- (2) Represents reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 consolidated financial statements. Fair value is presented as of 30 September 2011.
- (3) Represents reviewed 30 June 2011 consolidated financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements. Fair value is presented as of 30 September 2011.
- (4) Represents un-reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from un-audited 31 December 2010 financial statements.
- (5) Represents un-reviewed 30 June 2011 financial statements. Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. was established on 4 January 2011 and there are no financial statements for prior period.

7.a.2 Information on associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	138.163	101.686
Movements During the Period	(18.030)	36.477
Purchases	800	-
Bonus Shares Obtained	12.566	12.852
Current Year Share of Profit	-	-
Sales	(392)	(7.598)
Revaluation Increase	-	36.723
Provision for Impairment	(31.004)	-
Transfers to subsidiaries (*)	-	(5.500)
Balance at the End of the Period	120.133	138.163
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) In the prior period, 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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on associates (net) (continued)

7.a.2 Information on associates (continued):

In the current period, the Bank has obtained bonus shares of İş Finansal Kiralama A.Ş. amounting to TL 12.566 with capital increase of TL 44.000.

In the Board of Directors meeting dated 6 May 2010, the Bank decided to invest in 10% of Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş., which would be established in Izmir with TL 8.000 share capital, at an amount of TL 800. Establishment of the company was published in the Turkish Trade Registry Gazette No: 7729 on 13 January 2011.

In the prior 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.

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	100.691	117.953
Financial Service Companies	-	-
Other Associates	17.891	18.659

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	117.491	135.929
Associates quoted on foreign stock exchanges	-	-

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

In the current period, the Bank has sold Gözlük Sanayi A.Ş., with a non-controlling interest of 21,71% and net book value of TL 329, to other real person shareholders with a nominal value of TL 0,002 per each 1 share amounting to TL 231 in total and all of the sales amount was paid in advance.

In the prior period, the Board of Directors have authorised the General Management 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., an 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. The Board of Directors have authorised the General Manager on the meeting held on 28 June 2010 with the resolution numbered 1951 for the sale of all shares of Ünsa 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 13 August 2010 and the sale amount was transferred to EIB on 14 December 2010 as agreed.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on subsidiaries (net):

8.a.1 Information on subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YF MEN. DEĞ.)	Istanbul /Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	65,81
4	TSKB Yatırım Ortaklığı A.Ş. (TSKB Y.O.)	Istanbul/Turkey	22,53	58,62
5	TSKB Gayrimenkul Aracılık Hizmetleri A.Ş.	Istanbul/Turkey	96,00	100,00
6	TSKB Gayrimenkul Danışmanlık Hizmetleri A.Ş.	Istanbul/Turkey	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)	6.199	5.005	1.504	-	-	1.594	1.362	-
YF MEN.DEĞ. (2)	642.320	64.948	1.400	17.689	827	6.013	9.561	-
TSKB GYO (3)	324.370	201.466	293.657	1.238	-	(19.468)	6.208	56.640
TSKB YO (4)	40.963	40.558	-	53	1.115	(1.619)	5.633	4.846
TG A.Ş. (5)	421	368	65	-	-	36	93	-
TGD A.Ş. (6)	369	326	41	-	-	7	79	-

- (1) Represents un-reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.
- (2) Represents reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements.
- (3) Represents reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements. Fair value is presented as of 30 September 2011.
- (4) Represents reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements. Fair value is presented as of 30 September 2011.
- (5) Represents un-reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.
- (6) Represents un-reviewed 30 September 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.

8.a.2 Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	142.691	142.539
Movements in period	(20.066)	152
Purchases	-	234
Bonus shares obtained	7.662	6.705
Current year share of profit	-	-
Sales (**)	-	(7.500)
Revaluation increase	-	-
Provision for impairment	(27.728)	(4.787)
Transfer from associates (*)	-	5.500
Balance at the end of the period	122.625	142.691
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) In the prior period, 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 prior 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 (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on subsidiaries (continued)

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	122.625	142.691

8.a.4 Subsidiaries quoted on stock market:

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	61.486	89.214
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 7.662 with capital increase of TL 8.000.

In the prior 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.

The Bank has not sold any subsidiaries in the prior period. One of the Bank's subsidiaries, 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.

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

The Bank has not purchased any subsidiaries in the current period.

In the prior 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.

9. Information on entities under common control

The Bank has no entities under common control as of the reporting date (31 December 2010: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	39.480	37.998	27.040	26.768
Between 1- 4 years	2.995	2.995	45.304	43.320
More than 4 years	-	-	-	-
Total	42.475	40.993	72.344	70.088

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

	Current Period	Prior Period
Gross investments in finance leases	42.475	72.344
Unearned revenue from finance leases (-)	(1.482)	(2.256)
Cancelled finance leases (-)	-	-
Net investments in finance leases	40.993	70.088

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

Finance lease agreements are made in accordance with the related articles of financial leasing law 3226. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on derivative financial assets for hedging purposes

The Bank has no derivative financial assets for hedging purposes as of the reporting date (31 December 2010: None).

12. Information on investment property

The Bank has no investment property (31 December 2010: None).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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.

Deferred tax asset:	Current Period	Prior Period
Useful life difference of fixed assets	366	998
Employee benefit provision	735	687
Loan commissions accrual adjustment	11.627	9.081
Other provisions	8.357	8.368
Marketable securities	1.940	5.011
Other	126	188
Total Deferred Tax Asset	23.151	24.333
Deferred tax liability:		
Valuation of derivative instruments	(1.872)	(203)
Marketable securities	(4.954)	(6.445)
Funds borrowed accrual adjustment	(1.694)	(887)
Total Deferred Tax Liability	(8.520)	(7.535)
Net Deferred Tax Asset	14.631	16.798

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 (31 December 2010: None).

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

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance (31 December 2010: None).

14. Information on assets held for sale

In the current period, the Bank has no assets held for sale (31 December 2010: 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 2010: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

2. 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	9.147	1.594	200	-
Swap Transactions	7.355	14.119	2.128	2.694
Futures Transactions	-	-	-	-
Options	-	30.769	352	4.900
Other	-	-	80	-
Total	16.502	46.482	2.760	7.594

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	-	141.425	10.002	149.862
From Foreign Banks, Institutions and Funds	-	6.232.856	-	4.837.982
Total	-	6.374.281	10.002	4.987.844

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	467.373	10.002	390.128
Medium and long-term	-	5.906.908	-	4.597.716
Total	-	6.374.281	10.002	4.987.844

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 2010: 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 financial lease transactions with Vakıf Finansal Kiralama A.Ş. and the Bank's associate; İş Finansal Kiralama A.Ş.. The lease agreements are paid in equal installments. There are no issues in these agreements which would cause significant 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	-	-	-	-
Between 1 and 4 years	2	-	2	-
More than 4 years	-	-	-	-
Total	2	-	2	-

5.d Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings and 2 branches are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2010: 2 head office buildings, 2 branches 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 reporting date (31 December 2010: None).

6. Information on derivative financial liabilities for hedging purposes

The Bank has no derivative financial liabilities for hedging purposes as of the reporting date (31 December 2010: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on provisions

7.a Information on general provisions:

	Current Period	Prior Period
General Provisions	61.570	45.084
Provisions for First Group Loans and Receivables	53.978	36.659
Provisions for Second Group Loans and Receivables	1.203	1.761
Provisions for Non-Cash Loans	2.240	1.870
Other	4.149	4.794

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 118 (31 December 2010: TL 10.441). 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	-	-
Other (*)	41.810	41.840
Total	41.810	41.840

(*) Other provision account includes TL 37.993 of provision for possible risks on credit portfolio in the future period (31 December 2010: TL 41.808).

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 Million (TL 92.500). The interest accrued on this loan is TL 1.161 as of the reporting date.

The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the reporting date it is 2,69% (0,44+2,25 spread). Principal of the loan will be repaid on 15 October 2016 as a whole.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on taxes payable

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable (*)	11.046	-	12.588	-
Deferred tax liability	-	-	-	-
Total	11.046	-	12.588	-

(*) As of 30 September 2011, Corporate Tax Provision is TL 35.192 and netted off from Prepaid Tax of TL 24.146 (31 December 2010: Corporate Tax Provision is TL 51.821 and netted off from Prepaid Tax of TL 39.233).

9.a Information on deferred taxes liabilities:

At the reporting date, the Bank has no deferred tax liability (31 December 2010: None).

9.a.1 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	11.046	12.588
Taxation of securities	1.067	445
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	783	552
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	117	79
Other	815	2.048
Total	13.828	15.712

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	17	15
Unemployment insurance-Employer	34	31
Other	-	-
Total	51	46

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on shareholders' equity

10.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	800.000	700.000
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	800.000	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 2011; it has been resolved that, paid-in capital of the Bank will be increased from TL 700.000 to TL 800.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 100.000 of this increase will be incorporated from the profit of the year 2010. The increase in paid-in capital was approved by the BRSA on 12 May 2011 and has been published in the Turkish Trade Registry Gazette No: 7824 on 27 May 2011.

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 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 18 May 2010 and has been published in the Turkish Trade Registry Gazette No: 7576 on 2 June 2010.

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 2010: 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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on shareholders' equity (continued)

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, the profitability and liquidity of the Bank and their trends in the successive periods are followed by the 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 (31 December 2010: None).

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	(22.679)	-	36.053	-
Valuation Differences	7.073	21.826	31.075	32.187
Foreign Exchange Difference	-	-	-	-
Total	(15.606)	21.826	67.128	32.187

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and disclosures related to the off-balance sheet items

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 reporting date, total letters of credit are TL 533.998 (31 December 2010: TL 259.695).

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

As at the reporting date, total letters of guarantee given by the Bank is TL 729.422 (31 December 2010: TL 801.325).

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

	Current Period	Prior Period
Non-cash loans given against obtaining cash loans	-	-
With maturity of one year or less than one year	-	-
With maturity of more than one year	-	-
Other non-cash loans	1.279.125	1.093.918
Total	1.279.125	1.093.918

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	10.728	1
Farming and stockbreeding	-	-	-	-	-	-	10.728	1
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industrial	145.547	51	937.804	94	178.606	51	660.506	89
Mining	-	-	-	-	1.174	1	-	-
Manufacturing Industry	1.611	1	224.018	23	1.082	-	103.193	14
Electricity, Gas, Water	143.936	50	713.786	71	176.350	50	557.313	75
Construction	4.285	2	37.855	4	19.183	5	27.493	4
Services	130.645	46	18.980	2	153.085	44	44.310	6
Wholesale and Retail Trade	-	-	-	-	-	-	29.263	4
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	-	-
Financial Institutions	130.325	46	18.500	2	148.907	43	14.648	2
Real Asset and Leasing Services	320	-	480	-	178	-	399	-
Self-employment Services	-	-	-	-	4.000	1	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	4.009	1	-	-	7	-	-	-
Total	284.486	100	994.639	100	350.881	100	743.037	100

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

	Ist Grup				Hnd Grup			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	284.486	994.639	350.841	743.037	-	-	40	-
Letters of Guarantee	272.052	457.370	319.826	481.459	-	-	40	-
Bank Acceptances	-	3.271	-	-	-	-	-	-
Letters of Credit	-	533.998	-	259.695	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	12.434	-	31.015	1.883	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Explanations on contingent liabilities and assets

There are 10 legal cases against the Bank which are amounting to TL 337 as of the reporting date (31 December 2010: TL 257- 8 legal cases).

IV. Explanations and disclosures related to the income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	10.758	3.424	5.130	2.501
Medium and long term loans	60.324	131.114	49.535	75.523
Interest on non-performing loans	6.258	1.741	6.732	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	77.340	136.279	61.397	78.024

(*) 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	7.996	41	6.776	67
Foreign banks	-	42	7	68
Branches and head office abroad	-	-	-	-
Total	7.996	83	6.783	135

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	3.105	1	2.755	347
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	101.482	22.709	123.922	24.927
Investments Held to Maturity	25.252	-	25.591	-
Total	129.839	22.710	152.268	25.274

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	6.763	7.963

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information on interest expenses

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	628	5.005	560	3.329
The Central Bank of Turkey	405	-	49	-
Domestic banks	218	456	504	237
Foreign banks	5	4.549	7	3.092
Branches and head office abroad	-	-	-	-
Other financial institutions	-	50.313	-	30.106
Total(*)	628	55.318	560	33.435

(*)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	525.294	280.665
Gains on capital market operations	4.290	4.813
Gains on derivative financial instruments(*)	150.549	70.020
Foreign exchange gains	370.455	205.832
Losses (-)	(535.724)	(282.049)
Losses on capital market operations	(5.353)	(8.990)
Losses on derivative financial instruments(*)	(165.898)	(70.614)
Foreign exchange losses	(364.473)	(202.445)

(*) Foreign exchange gain from derivative transactions amounting to TL 96.071 is presented in "Profit on derivative financial instruments" (30 September 2010: 29.702 TL), foreign exchange loss from derivative transactions amounting to TL (105.988) is presented in "Losses on derivative financial instruments" (30 September 2010: TL (32.532)).

4. Information related to other operating income

	Current Period	Prior Period
Provisions Released	9.593	18.500
Gains on Sale of Assets	4.293	776
From Associate and Subsidiary Sales	-	375
From Movable Fixed Asset Sales	-	-
From Property Sales	-	41
From Other Asset Sales	4.293	360
Other	1.283	922
Total	15.169	20.198

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	6.778	8.846
III. Group	6.701	8.767
IV. Group	-	-
V. Group	77	79
General provision expenses	16.486	2.350
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	5.543	6.574
Trading securities	62	-
Investment securities available for sale	5.481	6.574
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other	3.811	683
Total	32.618	18.453

6. Information related to other operating expenses

	Current Period	Prior Period
Personnel expenses	27.545	24.322
Reserve for employee termination benefits	107	219
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	991	961
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	239	203
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	41	50
Depreciation expenses of assets for resale	587	882
Impairment expenses of assets held for sale	-	-
Other operating expenses	10.334	11.143
Rent expenses	4.454	4.065
Maintenance expenses	297	301
Advertisement expenses	515	972
Other expenses	5.068	5.805
Loss on sale of assets	161	50
Other	4.668	7.003
Total	44.673	44.833

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 35.185 (30 September 2010: TL 39.232). Deferred tax charge is TL 8.466 (30 September 2010: TL 5.475).

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

Deferred tax charge calculated on temporary differences is TL 8.466 (30 September 2010: TL 5.475).

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

For the interim period ended 30 September 2011 deferred tax charge calculated based on temporary differences is TL 8.466 (30 September 2010: TL 5.475). There is no deferred tax benefit or charge reflected to the income statement on carry forward tax losses, tax deductions and exceptions (30 September 2010: None).

In addition, TL 8.433 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 2010: TL 14.732).

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

For the interim period ended 30 September 2011, profit before tax of the Bank has increased by 6,22% (30 September 2010: 32,73%).

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 376.162 interest income, TL 110.481 interest expenses and TL 8.539 net fee and commission income from banking operations (30 September 2010: TL 327.190 interest income, TL 99.949 interest expense, TL 7.926 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:

There is no change in the accounting estimates effecting the financial statement items.

9.c Non-controlling interest of profit and loss:

There is no profit and loss attributable to non-controlling interest in the accompanying unconsolidated financial statements (30 September 2010: 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 expenses explained in note IV.6, exceeds 10% of the income statement.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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		Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	227.925	345	98.978	117.413	39.538	-
Balance at end of period	174.270	487	55.895	117.413	42.003	-
Interest and commission income	6.758	5	1.401	220	1.491	-

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		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	227.925	345	98.978	117.413	39.538	-
Interest and commission income received (*)	7.909	3	932	220	1.505	-

(*) The information is related to 30 September 2010.

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

The Bank is not authorized to accept deposits.

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

The Bank has foreign currency swap buy transactions amounting to TL 64.750 and foreign currency swap sell transactions amounting to TL 62.425 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 5.422 (30 September 2010: TL 5.263).

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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to operations of the Bank

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

FITCH RATINGS

Long-term Maturity Foreign Currency (issuer)	BA1
Long-term Maturity Foreign Currency Outlook (issuer)	Positive
Short-term Maturity Foreign Currency (issuer)	NP
Long-term Maturity Local Currency (issuer)	BAA2
Long-term Maturity Local Currency Outlook (issuer)	Stable
Short-term Maturity Local Currency (issuer)	P-2
Financial Rating Note	D+
Outlook	Stable

Information above is received from Fitch Ratings report dated 9 May 2011.

MOODY'S

Financial Rating Note	D+
Outlook	Stable
Foreign Currency	
Long-term Maturity	BA1
Outlook	Positive
Short-term Maturity	N/P

Information above is received from Moody's Investors Service report dated 17 May 2011.

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

Changes in required reserve ratios

Published in the Official Gazette No. 28076 dated 6 October 2011 and Official Gazette No. 28098 dated 28 October 2011 and No. 2005/1 on the "Amendment of the Communiqué on the Required Provisions Scale obligation", new ratios for foreign currency and Turkish Lira liabilities required reserve ratios stated below respectively:

	Required Reserve Ratio (%)
Foreign Currency Liabilities	
Foreign currency demand deposits, notice deposits, foreign currency private current accounts and deposits/participation accounts up to 1 month,3 months,6 months and 1 year maturity	11
Foreign currency deposits/participation accounts with 1 year and longer maturity	9
Other accounts up to 1 year maturity (including 1 year)	11
Other accounts up to 3 years maturity (including 3 years)	9
Other accounts longer than 3 years maturity	6

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SECTION SIX (Continued)

OTHER EXPLANATIONS (Continued)

II. Other explanations related to the events after the reporting date (continued)

Changes in required reserve ratios (continued)

Turkish Lira Liabilities	Required Reserve Ratio (%)
Demand deposits, notice deposits and private current accounts	11
Deposits/participation accounts up to 1 month maturity (including 1 month)	11
Deposits/participation accounts up to 3 month maturity (including 3 month)	11
Deposits/participation accounts up to 6 month maturity (including 6 month)	8
Deposits/participation accounts up to 1 year maturity	6
Deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	5
Other accounts up to 1 year maturity (including 1 year)	11
Other accounts up to 3 years maturity (including 3 years)	8
Other accounts longer than 3 years maturity	5

In addition, published in the Official Gazette No. 28103 dated 2 November 2011 and No. 2005/1 on the “Amendment of the Communiqué on the Required Provisions Scale obligation”, subparagraph “a” of the 4th paragraph of Article 6 has been changed as follows:

At most, 40% of Turkish Lira required reserve shall be maintained in USD and/or Euro, and at most 10% of it shall be maintained in gold.

SECTION SEVEN

INDEPENDENT AUDITORS’ REVIEW REPORT

I. Explanations on the independent auditors’ review report

Unconsolidated financial statements and the notes to the financial statements as at 30 September 2011 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 3 November 2011 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.