



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Three-Month Period Ended 31 March 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

11 May 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 31 March 2011 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the three-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

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 31 March 2011 and the results of its operations and its cash flows, for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency.

İstanbul,
11 May 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 THREE MONTHS PERIOD ENDED MARCH 31, 2011**


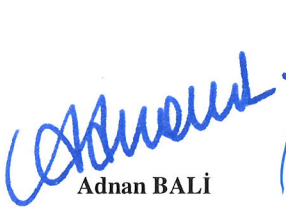
E-Mail Address for Contact Person: nazlicaa@tskb.com.tr

The unconsolidated financial report for the three 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 three 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.

May 11, 2011

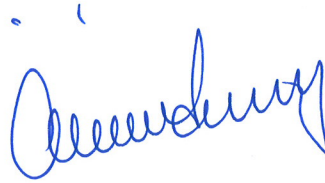


Adnan BALI

**Chairman of
Board of Directors**

Halil EROĞLU

**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 BİLGİÇ

Member of Audit Committee

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Telephone Number : (212) 334 51 94

SECTION ONE

General Information

I.	Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute	1
II.	Explanations Regarding Bank's Shareholding Structure, Shareholders holding directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank	1
III.	Explanations Regarding the Chairman and the Members of Board of the Directors, Audit Committee, General Manager and Assistant General Managers and Their Shares in the Bank	2
IV.	Information about the Persons and Institutions that have Qualified Shares	3
V.	Summary on the Bank's Functions and Areas of Activity	3

SECTION TWO

Unconsolidated Financial Statements

I.	Balance Sheet.....	4
II.	Statement of Off Balance Sheet Items	6
III.	Income Statement	7
IV.	Statement of Comprehensive Income	8
V.	Statement of Shareholders' Equity.....	9
VI.	Statement of Cash Flows	10

SECTION THREE

Accounting Policies

I.	Basis of Presentation	11
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	12
III.	Explanations on Investments in Associates and Subsidiaries	13
IV.	Explanations on Forward and Option Contracts and Derivative Instruments	13
V.	Explanations on Interest Income and Expenses	13
VI.	Explanations on Fees and Commission Income and Expenses	13
VII.	Explanations and Disclosures on Financial Assets	14
VIII.	Explanations on Impairment on Financial Assets	16
IX.	Explanations on Offsetting of Financial Assets and Liabilities	16
X.	Explanations on Sales and Repurchase Agreements and Lending of Securities	16
XI.	Explanations on Assets Held For Sale and Discontinued Operations	17
XII.	Explanations on Goodwill and Other Intangible Assets	17
XIII.	Explanations on Tangible Assets	18
XIV.	Explanations on Leasing Transactions	18
XV.	Explanations on Provisions and Contingent Assets and Liabilities	19
XVI.	Explanations on Liabilities Regarding Employee Benefits	19
XVII.	Explanations on Taxation.....	21
XVIII.	Additional Explanations on Borrowings	22
XIX.	Explanations on Debt Securities	22
XX.	Explanations on Acceptances	22
XXI.	Explanations on Government Incentives	22
XXII.	Explanations on Segment Reporting.....	22
XXIII.	Explanations on Other Matters	23

SECTION FOUR

Information on Financial Structure

I.	Explanations Related to the Capital Adequacy Standard Ratio.....	24
II.	Explanations Related to Market Risk	27
III.	Explanations Related to Currency Risk	28
IV.	Explanations Related to Interest Rate Risk	30
V.	Explanations Related to Liquidity Risk	34

SECTION FIVE

Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations Related to the Assets	36
II.	Explanations Related to the Liabilities.....	51
III.	Explanations Related to the Off-Balance Sheet Contingencies and Commitments	57
IV.	Explanations and Disclosures Related to the Statement of Income.....	59
V.	Explanations on the Risk Group of the Bank	63

SECTION SIX

Other Explanations

I.	Other Explanations Related to the Operations of the Bank	64
II.	Other Explanations Related to the Events Arising Subsequent to Balance Sheet Date	64

SECTION SEVEN

Independent Auditors' Review Report

I.	Explanations on the Independent Auditors' Review Report.....	66
II.	Explanations and Notes Prepared by Independent Auditors.....	66

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 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 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	350.001	50,00	350.001	-
T. Vakıflar Bankası T.A.O.	58.642	8,38	58.642	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	291.344	41,62	291.344	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	700.000	100,00	700.000	-

Prior Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	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 – 31 MARCH 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	Hakkı Ersin Özince (2)	Undergraduate		33 years
Vice Chairman of the Board of Directors	Murat Vulkan	Undergraduate		28 years
Members of the Board of Directors	Yavuz Canevi	Postgraduate		13 years
	Mustafa Baran Tuncer	Doktorate		28 years
	Ertan Burhanettin Kantar	Undergraduate		16 years
	Kemal Serdar Dışli	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
	Yonca Koçak	Undergraduate		20 years
	Mehmet Coşkun Cangöz	Doktorate		10 years
Member of the Board of Directors and General Manager	Uygar Şafak Ögün	Postgraduate		15 years
	Halil Eroğlu	Undergraduate	CEO	24 years
Members of Audit Committee	M. Baran Tuncer	Doktorate		28 years
	Kemal Serdar Dışli	Postgraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
Senior Vice Presidents	A.Orhan Beşkök	Postgraduate	Technical Services	19 years
	Şeniz Yarcan	Undergraduate	Treasury, Investment Banking and External Relation	16 years
Vice Presidents			Information Technology and	
	Şemseddin Arat	Postgraduate	Human Resources	23 years
	Burak Akgüç	Undergraduate	Corporate Marketing	14 years
	Ömer Eryılmaz	Undergraduate	Financial Control and Securities	20 years
	Çiğdem İçel	Undergraduate	Operations	17 years
Statutory Auditors	Ufuk Bala Yücel	Undergraduate	Loans	20 years
	Volkan Kublay (3)	Undergraduate	Auditor	11 years
	Hamide Esma 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)
Statutory Auditors	Mete Uluyurt	Hamide Esma Uygun Çelikten (3)

(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 Esma Uygun Çelikten were elected as Statutory Auditors for the year 2011.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 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	350.001	50,00	350.001	-
T. Vakıflar Bankası T.A.O.	58.642	8,38	58.642	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	291.344	41,62	291.344	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	700.000	100,00	700.000	-

Prior Period Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	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 31 MARCH 2011

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

		Reviewed Current Period 31 March 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)	38.184	73.883	112.067	5.041	59.403	64.444
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	50.704	20.603	71.307	58.740	8.690	67.430
2.1 Trading financial assets		50.704	20.603	71.307	58.740	8.690	67.430
2.1.1 Public sector debt securities		42.832	-	42.832	55.528	-	55.528
2.1.2 Share certificates		1.163	-	1.163	138	-	138
2.1.3 Derivative financial assets held for trading		3.932	20.603	24.535	2.571	8.690	11.261
2.1.4 Other marketable securities		2.777	-	2.777	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)	157.210	10.234	167.444	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)	1.676.372	453.425	2.129.797	1.669.057	467.495	2.136.552
5.1 Share certificates		42.657	2.957	45.614	40.871	2.957	43.828
5.2 Public sector debt securities		1.521.993	348.164	1.870.157	1.553.796	358.689	1.912.485
5.3 Other marketable securities		111.722	102.304	214.026	74.390	105.849	180.239
VI. LOANS	(5)	1.705.603	3.404.804	5.110.407	1.734.109	3.038.809	4.772.918
6.1 Loans		1.705.603	3.404.804	5.110.407	1.734.109	3.038.809	4.772.918
6.1.1 Loans to risk group of the Bank		207.830	130.075	337.905	227.925	138.516	366.441
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1.497.773	3.274.729	4.772.502	1.506.184	2.900.293	4.406.477
6.2 Non performing loans		9.498	14.155	23.653	11.013	14.496	25.509
6.3 Specific provisions (-)		(9.498)	(14.155)	(23.653)	(11.013)	(14.496)	(25.509)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	308.456	-	308.456	304.791	-	304.791
8.1 Public sector debt securities		308.456	-	308.456	304.791	-	304.791
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	151.265	-	151.265	138.163	-	138.163
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		151.265	-	151.265	138.163	-	138.163
9.2.1 Financial investments		149.782	-	149.782	137.480	-	137.480
9.2.2 Non-financial investments		1.483	-	1.483	683	-	683
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	147.764	-	147.764	142.691	-	142.691
10.1 Unconsolidated financial subsidiaries		147.152	-	147.152	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)	-	63.065	63.065	-	70.088	70.088
12.1 Finance lease receivables		-	65.017	65.017	-	72.344	72.344
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(1.952)	(1.952)	-	(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)		15.281	2	15.283	15.981	1	15.982
XV. INTANGIBLE ASSETS (Net)		495	-	495	414	-	414
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		495	-	495	414	-	414
XVI. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET	(13)	17.045	-	17.045	16.798	-	16.798
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		17.045	-	17.045	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)	14.020	20.837	34.857	5.373	14.702	20.075
TOTAL ASSETS		4.282.399	4.046.853	8.329.252	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 31 MARCH 2011

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

LIABILITIES	Note Ref.	Reviewed Current Period 31 March 2011			Audited Prior Period 31 December 2010		
		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)	4.107	18.490	22.597	2.760	7.594	10.354
III. FUNDS BORROWED	(3)	-	5.267.014	5.267.014	10.002	4.987.844	4.997.846
IV. MONEY MARKET BALANCES		1.251.588	155.836	1.407.424	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		1.251.588	155.836	1.407.424	1.043.765	142.299	1.186.064
V. DEBT SECURITIES ISSUED (Net)		46.829	-	46.829	195.954	-	195.954
5.1 Bills		46.829	-	46.829	195.954	-	195.954
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		90.877	27.730	118.607	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)	93.873	-	93.873	90.360	-	90.360
12.1 General loan loss provisions		48.571	-	48.571	45.084	-	45.084
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		3.479	-	3.479	3.436	-	3.436
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		41.823	-	41.823	41.840	-	41.840
XIII. TAX LIABILITY	(9)	15.439	-	15.439	15.758	-	15.758
13.1 Current tax liability		15.439	-	15.439	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)	-	78.371	78.371	-	77.947	77.947
XVI. SHAREHOLDERS' EQUITY	(10)	1.255.091	24.007	1.279.098	1.232.041	32.187	1.264.228
16.1 Paid-in capital		700.000	-	700.000	700.000	-	700.000
16.2 Capital reserves		102.342	24.007	126.349	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		70.794	24.007	94.801	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 funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	374	-	374
16.3 Profit reserves		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		166.583	-	166.583	211.629	-	211.629
16.4.1 Prior years' income/losses		100.000	-	100.000	-	-	-
16.4.2 Current year income/loss		66.583	-	66.583	211.629	-	211.629
TOTAL LIABILITIES AND EQUITY		2.757.804	5.571.448	8.329.252	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 31 MARCH 2011

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

Reviewed Current Period 31 March 2011				Audited Prior Period 31 December 2010			
	Note Ref.	TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	1.920.746	5.782.435	7.703.181	1.288.721	4.212.043	5.500.764
I.	GUARANTEES AND COLLATERALS (1)	320.796	711.338	1.032.134	350.881	743.037	1.093.918
1.1	Letters of guarantee	281.308	470.430	751.738	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	281.308	470.430	751.738	319.866	481.459	801.325
1.2	Bank loans	-	-	-	-	-	-
1.2.1	Import letters of acceptance	-	-	-	-	-	-
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	-	239.881	239.881	-	259.695	259.695
1.3.1	Documentary letters of credit	-	239.881	239.881	-	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	39.488	1.027	40.515	31.015	1.883	32.898
1.9	Other collaterals	-	-	-	-	-	-
II.	COMMITMENTS	640.434	1.024.739	1.665.173	516.515	636.309	1.152.824
2.1	Irrevocable commitments	116.018	358.071	474.089	67.488	93.960	161.448
2.1.1	Forward asset purchase and sales commitments	87.462	341.370	428.832	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	-	7.336	7.336	-	-	-
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	28.556	9.365	37.921	23.758	9.373	33.131
2.2	Revocable commitments	524.416	666.668	1.191.084	449.027	542.349	991.376
2.2.1	Revocable loan granting commitments	524.416	666.668	1.191.084	449.027	542.349	991.376
2.2.2	Other revocable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	959.516	4.046.358	5.005.874	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	959.516	4.046.358	5.005.874	421.325	2.832.697	3.254.022
3.2.1	Forward foreign currency buy/sell transactions	252.806	549.206	802.012	17.825	18.191	36.016
3.2.1.1	Forward foreign currency transactions-buy	113.614	287.107	400.721	5.767	12.403	18.170
3.2.1.2	Forward foreign currency transactions-sell	139.192	262.099	401.291	12.058	5.788	17.846
3.2.2	Swap transactions related to f.c. and interest rates	80.740	1.101.950	1.182.690	109.495	622.047	731.542
3.2.2.1	Foreign currency swaps-buy	29.440	127.694	157.134	33.838	93.641	127.479
3.2.2.2	Foreign currency swaps-sell	51.300	103.816	155.116	75.657	46.808	122.465
3.2.2.3	Interest rate swaps-buy	-	435.220	435.220	-	240.799	240.799
3.2.2.4	Interest rate swaps-sell	-	435.220	435.220	-	240.799	240.799
3.2.3	Foreign currency, interest rate and securities options	625.970	1.174.033	1.800.003	259.564	536.750	796.314
3.2.3.1	Foreign currency options-buy	324.235	551.842	876.077	139.602	232.459	372.061
3.2.3.2	Foreign currency options-sell	301.735	569.253	870.988	119.962	247.627	367.589
3.2.3.3	Interest rate options-buy	-	26.469	26.469	-	28.332	28.332
3.2.3.4	Interest rate options-sell	-	26.469	26.469	-	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	-	1.139.180	1.139.180	-	1.573.170	1.573.170
3.2.5.1	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell	-	1.139.180	1.139.180	-	1.573.170	1.573.170
3.2.6	Other	-	81.989	81.989	34.441	82.539	116.980
B.	CUSTODY AND PLEDGED SECURITIES (IV+V+VI)	4.603.350	45.454.133	50.057.483	3.859.979	41.668.839	45.528.818
IV.	ITEMS HELD IN CUSTODY	1.591.276	206.725	1.798.001	1.345.116	183.716	1.528.832
4.1	Assets under management	8.728	129	8.857	7.233	122	7.355
4.2	Investment securities held in custody	303.722	206.596	510.318	283.132	183.594	466.726
4.3	Checks received for collection	184	-	184	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	18.125	-	18.125	18.101	-	18.101
4.8	Custodians	1.260.517	-	1.260.517	1.036.574	-	1.036.574
V.	PLEDGED ITEMS	2.046.176	27.078.481	29.124.657	1.777.664	24.744.564	26.522.228
5.1	Marketable securities	30	916.025	916.055	2.277	749.703	751.980
5.2	Guarantee notes	80.652	1.516.277	1.596.929	69.093	1.600.660	1.669.753
5.3	Commodity	-	-	-	-	-	-
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	79.710	4.313.739	4.393.449	81.510	4.112.535	4.194.045
5.6	Other pledged items	1.885.784	20.332.440	22.218.224	1.624.784	18.281.666	19.906.450
5.7	Pledged items-depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	965.898	18.168.927	19.134.825	737.199	16.740.559	17.477.758
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		6.524.096	51.236.568	57.760.664	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 THREE-MONTH PERIOD ENDED 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Reviewed Current Period 1 January – 31 March 2011	Reviewed Prior Period 1 January – 31 March 2010
I. INTEREST INCOME	(1)	124.043	113.117
1.1 Interest on loans		67.592	43.546
1.2 Interest received from reserve deposits		-	4
1.3 Interest received from banks		3.004	1.481
1.4 Interest received from money market placements		-	18
1.5 Interest received from marketable securities portfolio		52.708	66.856
1.5.1 Financial assets held for trading		996	2
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		42.220	58.700
1.5.4 Investments held-to-maturity		9.492	8.154
1.6 Finance lease income		674	1.143
1.7 Other interest income		65	69
II. INTEREST EXPENSES	(2)	(35.791)	(33.692)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(14.898)	(10.939)
2.3 Interest on money market borrowings		(18.363)	(22.749)
2.4 Interest on securities issued		(2.526)	-
2.5 Other interest expense		(4)	(4)
III. NET INTEREST INCOME (I - II)		88.252	79.425
IV. NET FEES AND COMMISSIONS INCOME		3.491	1.744
4.1 Fees and commissions received		3.822	2.264
4.1.1 Non-cash loans		2.401	898
4.1.2 Other		1.421	1.366
4.2 Fees and commissions paid		(331)	(520)
4.2.1 Non-cash loans		(1)	-
4.2.2 Other		(330)	(520)
V. DIVIDEND INCOME		10.450	6.705
VI. NET TRADING INCOME	(3)	1.098	(781)
6.1 Securities trading gains/ (losses)		(1.604)	(846)
6.2 Derivative financial instruments gains/losses		(204)	(3.460)
6.3 Foreign exchange gains/losses (net)		2.906	3.525
VII. OTHER OPERATING INCOME	(4)	2.631	2.992
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		105.922	90.085
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	(7.420)	(7.730)
X. OTHER OPERATING EXPENSES (-)	(6)	(16.690)	(14.084)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		81.812	68.271
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	81.812	68.271
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(7)	(15.229)	(12.632)
16.1 Provision for current income taxes		(11.888)	(14.901)
16.2 Provision for deferred taxes		(3.341)	2.269
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		66.583	55.639
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
18.3 Income on other discontinued operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3 Loss from other discontinued operations		-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)		-	-
21.1 Provision for current income taxes		-	-
21.2 Provision for deferred taxes		-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(9)	66.583	55.639
Earnings/(losses) per share		0.095	0.093

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 THREE-MONTH PERIOD ENDED 31 MARCH 2011

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

	Reviewed Current Period 1 January – 31 March 2011	Reviewed Prior Period 1 January – 31 March 2010
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(17.815)	(34)
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	9.713	22.376
IX. DEFERRED TAX OF VALUATION DIFFERENCES	3.588	253
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(4.514)	22.595
XI. CURRENT YEAR PROFIT/LOSS	66.583	55.639
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(111)	(328)
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	66.694	55.967
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	62.069	78.234

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THREE-MONTH PERIOD ENDED 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note Ref.	Paid in Capital	Effect of Inflation on Paid in Capital	Share Premiums	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income / (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates, Subs and Jointly Controlled Entities	Hedging Funds	Acc. Val. Diff. from Assets Held for sale and from Disc. Operations	Total Equity Attributable to Parent	Non-Controlling Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDER'S EQUITY																			
Prior Period – 31 March 2010																			
I. Opening Balance		600.000	374	-	-	55.900	28.184	96.792	2.920	-	174.888	53.359	28.378	-	-	-	1.040.795	-	1.040.795
Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase / Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	22.267	-	-	-	-	22.267	-	22.267
IV. Hedging (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	(2.796)	-	2.796	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. The effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income		-	-	-	-	-	-	-	-	55.639	-	-	-	-	-	-	55.639	-	55.639
XVIII. Profit distribution		-	-	-	-	17.659	8.745	26.536	-	-	(57.092)	-	-	-	-	-	(4.152)	-	(4.152)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(4.152)	-	-	-	-	-	(4.152)	-	(4.152)
18.2 Transfers to reserves		-	-	-	-	17.659	8.745	26.536	-	-	(52.940)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		600.000	374	-	-	73.559	36.929	123.328	2.920	55.639	115.000	75.626	31.174	-	-	-	1.114.549	-	1.114.549
Current Period – 31 March 2011																			
I. Opening Balance		700.000	374	-	-	73.559	36.929	108.328	2.920	-	211.629	99.315	31.174	-	-	-	1.264.228	-	1.264.228
Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase / Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	(4.514)	-	-	-	-	(4.514)	-	(4.514)
IV. Hedging (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. The effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income		-	-	-	-	-	-	-	-	66.583	-	-	-	-	-	-	66.583	-	66.583
XVIII. Profit distribution		-	-	-	-	21.802	10.581	32.047	-	-	(111.629)	-	-	-	-	-	(47.199)	-	(47.199)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(47.199)	-	-	-	-	-	(47.199)	-	(47.199)
18.2 Transfers to reserves		-	-	-	-	21.802	10.581	32.047	-	-	(64.430)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		700.000	374	-	-	95.361	47.510	140.375	2.920	66.583	100.000	94.801	31.174	-	-	-	1.279.098	-	1.279.098

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 THREE-MONTH PERIOD ENDED 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Reviewed Current Period 31 March 2011	Reviewed Prior Period 31 March 2010
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	169.343	8.981
1.1.1 Interest received	170.183	96.689
1.1.2 Interest paid	(44.600)	(46.923)
1.1.3 Dividends received	-	-
1.1.4 Fees and commissions received	3.822	2.264
1.1.5 Other income	823	-
1.1.6 Collections from previously written off loans	1.904	158
1.1.7 Payments to personnel and service suppliers	(12.469)	(11.522)
1.1.8 Taxes paid	(12.577)	(10.405)
1.1.9 Others	62.257	(21.280)
1.2 Changes in operating assets and liabilities	98.284	6.837
1.2.1 Net (increase) decrease in financial assets	7.825	(24.554)
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	(267.154)	(177.026)
1.2.5 Net (increase) decrease in other assets	(26.560)	(16.940)
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	148.438	225.119
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	235.735	238
I. Net cash provided from banking operations	267.627	15.818
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(60.953)	(42.936)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(800)	(47)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Fixed asset purchases	(87)	(432)
2.4 Fixed asset sales	-	-
2.5 Cash paid for purchase of financial assets available for sale	(59.908)	(42.457)
2.6 Cash obtained from sale of financial assets available for sale	-	-
2.7 Cash paid for purchase of investment securities	-	-
2.8 Cash obtained from sale of investment securities	-	-
2.9 Others	(158)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	(170.248)	(4.152)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	(145.757)	-
3.3 Capital increase	-	-
3.4 Dividends paid	(24.491)	(4.152)
3.5 Payments for finance leases	-	-
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(491)	3.525
V. Net increase / (decrease) in cash and cash equivalents	35.935	(27.745)
VI. Cash and cash equivalents at beginning of the period	169.034	157.567
VII. Cash and cash equivalents at end of the period	204.969	129.822

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

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 and Disclosures 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 and Disclosures 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 and Disclosures 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 balance sheet date, the Bank evaluates the carrying value of a financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

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

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 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 balance sheet date.

Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of 31 December 2004; and intangible assets that are acquired subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated over their expected useful lives using straight-line method. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis between 3-15 years.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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.

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

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

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

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 2 February 2011 dated actuarial report, the liabilities, subject to the transfer to the Social Security Institution, are financed by the assets of the Pension Fund.

In addition, the Bank's management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Bank.

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 balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

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

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

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 Share Certificates 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 15 April 2011. It has not been published in the Turkish Trade Registry Gazette as of the report date.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	53.565	34.687	-	88.252
Net Commission and Fees Income	2.442	903	146	3.491
Other Income	1.910	1.671	11.140	14.721
Other Expense	(10.064)	(9.341)	(5.247)	(24.652)
Profit Before Tax	47.853	27.920	6.039	81.812
Tax Provision				(15.229)
Net Profit				66.583
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	5.173.472	2.791.858	64.893	8.030.223
Investment in Associates and Subsidiaries	-	-	299.029	299.029
Total Assets	5.173.472	2.791.858	363.922	8.329.252
Segment Liabilities	4.978.189	1.844.046	227.919	7.050.154
Shareholder's Equity	-	-	1.279.098	1.279.098
Total Liabilities	4.978.189	1.844.046	1.507.017	8.329.252

Prior Period (*)	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	34.962	44.463	-	79.425
Net Commission and Fees Income	997	648	99	1.744
Other Income	2.656	-	7.041	9.697
Other Expense	(5.553)	(12.256)	(4.786)	(22.595)
Profit Before Tax	33.062	32.855	2.354	68.271
Tax Provision				(12.632)
Net Profit				55.639
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 31 March 2010.

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

XXIII. Explanations on Other Matters

None.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The capital adequacy ratio is 21,00% as at 31 March 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)	441.615	-	685.542	1.017.900	3.975.496	-	-
Cash	267	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	40.349	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	164.353	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	71.451	-	-	-	-	-	-
Loans	3.455	-	500.181	950.234	3.490.249	-	-
Non-performing Loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables	251	-	13.076	13.715	36.023	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	273.582	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	11.869	-	-
Interest and Income Accruals	35.083	-	7.932	53.951	111.698	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	299.029	-	-
Tangible Assets	-	-	-	-	8.183	-	-
Other Assets	17.177	-	-	-	18.445	-	-
Off-Balance Sheet Items	38.626	-	161.917	13.395	702.648	-	-
Guarantees and Commitments	38.626	-	124.031	13.395	683.280	-	-
Derivative Financial Instruments	-	-	37.886	-	19.368	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	480.241	-	847.459	1.031.295	4.678.144	-	-

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	5.363.283	4.836.490
Amount Subject to Market Risk (ASMR)	510.938	551.125
Amount Subject to Operational Risk (ASOR)	533.236	411.926
Shareholders' Equity	1.345.333	1.318.425
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	21,00	22,73

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	700.000	700.000
Nominal capital	700.000	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	-	-
Statutory 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	166.583	211.629
Current period profit	66.583	211.629
Prior years' profits	100.000	-
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 (-)	(301)	(313)
Prepaid expenses (-)(*)	-	(5.779)
Intangible assets (-)	(495)	(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	1.183.501	1.158.407

(*) According to regulation No:27870 published by BRSA on 10 March 2011, prepaid expenses are included in calculation of credit risk as of 31 March 2011.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	48.571	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	77.400	77.500
45 % of the Marketable securities value increase fund	42.660	44.691
Associates and subsidiaries	20.595	16.224
Available for sale securities	22.065	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	168.631	167.275
TIER III CAPITAL		
CAPITAL	1.352.132	1.325.682
DEDUCTIONS FROM THE CAPITAL	(6.799)	(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	(6.799)	(7.257)
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	1.345.333	1.318.425

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	29.523
Resulting from Financial Instruments related to Interest Income	25.434
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	4.089
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	7.845
Resulting from Financial Instruments related to Interest Income	3.756
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	4.089
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	3.507
Capital Requirement	3.499
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	8
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	-
(VII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	40.875
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	510.938

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

	1 US Dollar	1 EURO	1 YEN
A. Bank "Foreign Exchange Valuation Rate"			
31 March 2011	1,5480	2,1907	0,0187
Prior Five Workdays:			
30 March 2011	1,5550	2,1912	0,0188
29 March 2011	1,5560	2,1955	0,0191
28 March 2011	1,5500	2,1779	0,0190
25 March 2011	1,5470	2,1947	0,0191
24 March 2011	1,5560	2,1916	0,0192

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Bank before the balance sheet date are TL 1,5779, TL 2,2089 and TL 0,0193; respectively.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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.	73.810	73	-	-	73.883
Banks	2.858	5.644	238	1.494	10.234
Financial Assets at Fair Value Through Profit and Loss (*)	14.562	4.343	-	-	18.905
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	66.072	387.353	-	-	453.425
Loans (**)	2.370.200	2.523.734	622	-	4.894.556
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 (***)	49.928	28.456	270	18	78.672
Total Assets	2.577.430	2.949.603	1.130	1.514	5.529.677
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	29.212	126.372	-	252	155.836
Funds Provided From Other Financial Institutions	2.601.249	2.744.136	-	-	5.345.385
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	4.546	22.877	-	307	27.730
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	12.661	4.119	-	-	16.780
Total Liabilities	2.647.668	2.897.504	-	559	5.545.731
Net Balance Sheet Position	(70.238)	52.099	1.130	955	(16.054)
Net Off-Balance Sheet Position	59.243	(31.886)	(1.166)	-	26.191
Financial Derivative Assets	653.566	470.048	8.592	2.178	1.134.384
Financial Derivative Liabilities	(594.323)	(501.934)	(9.758)	(2.178)	(1.108.193)
Non-Cash Loans (*****)	115.814	595.524	-	-	711.338
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 1.698 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended, include TL 1.489.752 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 5.230 have not been included in other assets.

(****) Marketable securities valuation increase fund amounting to TL 24.007 and exchange rate differences arising from derivative transactions amounting to TL 1.710 have not been included in "Other Liabilities".

(*****) 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	-	-	-	-	-	112.067	112.067
Banks	-	153.090	-	-	-	14.354	167.444
Financial Assets at Fair Value Through Profit and Loss	1.338	2.988	14.365	43.698	6.965	1.953	71.307
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	702.651	227.460	441.245	463.221	245.556	49.664	2.129.797
Loans	800.417	2.211.379	1.768.486	262.716	67.409	-	5.110.407
Held-to-Maturity Investments	-	182.026	126.430	-	-	-	308.456
Other Assets	21.221	23.174	15.888	2.782	-	366.709	429.774
Total Assets	1.525.627	2.800.117	2.366.414	772.417	319.930	544.747	8.329.252
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.324.719	48.905	33.800	-	-	-	1.407.424
Sundry Creditors	22.708	-	-	-	-	95.899	118.607
Marketable Securities Issued	-	-	46.829	-	-	-	46.829
Funds Provided from Other Financial Institutions	724.144	1.886.201	2.601.945	18.841	114.254	-	5.345.385
Other Liabilities	2.444	2.897	15.052	2.204	-	1.388.410	1.411.007
Total Liabilities	2.074.015	1.938.003	2.697.626	21.045	114.254	1.484.309	8.329.252
Balance Sheet Long Position	-	862.114	-	751.372	205.676	-	1.819.162
Balance Sheet Short Position	(548.388)	-	(331.212)	-	-	(939.562)	(1.819.162)
Off-Balance Sheet Long Position	-	-	-	97.991	46.148	-	144.139
Off-Balance Sheet Short Position (**)	(1.169.555)	(46.344)	(60.883)	-	-	-	(1.276.782)
Total Position	(1.717.943)	815.770	(392.095)	849.363	251.824	(939.562)	(1.132.643)

(*) 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 1.139.164 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	-	-	-	8,00
Financial Assets at Fair Value through Profit and Loss	-	-	-	8,24
Money Market Placements		-	-	-
Available-for-Sale Financial Assets	5,51	5,85	-	8,16
Loans	4,29	3,49	4,96	8,99
Held-to-Maturity Investments	-	-	-	13,57
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,99	1,00	-	6,57
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	8,80
Funds Provided from Other Financial Institutions	1,51	0,87	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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
Sundry Creditors	-	-	-	-	-	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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	8,34
Funds Provided from Other Financial Institutions	1,44	1,03	-	7

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	40.616	71.451	-	-	-	-	-	112.067
Banks	14.354	-	153.090	-	-	-	-	167.444
Financial Assets at Fair Value Through Profit and Loss	1.953	1.460	2.407	14.336	44.306	6.845	-	71.307
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	4.050	299	26.222	64.427	1.358.239	630.946	45.614	2.129.797
Loans	-	149.263	307.459	830.319	2.938.437	884.929	-	5.110.407
Held-to-Maturity Investments	-	-	182.026	126.430	-	-	-	308.456
Other Assets	-	8.918	5.727	24.958	26.249	-	363.922	429.774
Total Assets	60.973	231.391	676.931	1.060.470	4.367.231	1.522.720	409.536	8.329.252
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	214.715	208.160	421.726	1.867.163	2.633.621	-	5.345.385
Money Market Borrowings	-	1.324.719	48.905	33.800	-	-	-	1.407.424
Marketable Securities Issued	-	-	-	46.829	-	-	-	46.829
Sundry Creditors	-	22.708	-	-	-	-	95.899	118.607
Other Liabilities	-	2.153	2.416	14.197	3.052	779	1.388.410	1.411.007
Total Liabilities	-	1.564.295	259.481	516.552	1.870.215	2.634.400	1.484.309	8.329.252
Liquidity Gap	60.973	(1.332.904)	417.450	543.918	2.497.016	(1.111.680)	(1.074.773)	-
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 asset 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	154	113	93	184
Balances with the Central Bank of Turkey	38.030	73.770	4.948	59.219
Other	-	-	-	-
Total	38.184	73.883	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	38.030	2.319	4.948	2.189
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	71.451	-	57.030
Total	38.030	73.770	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 balance sheet 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 balance sheet date, the Bank has TL 4.537 of 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 balance sheet 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 balance sheet date, the Bank has no financial assets designated at fair value through profit and loss subject to repurchase agreements (31 December 2010: None).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations 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	1.405	1.635	373	-
Swap Transactions	2.527	4.865	1.722	3.798
Futures Transactions	-	-	-	-
Options	-	13.808	352	4.892
Other	-	295	124	-
Total	3.932	20.603	2.571	8.690

3. Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	157.210	1.055	153.809	1.251
Foreign	-	9.179	-	6.692
Branches and head office abroad	-	-	-	-
Total	157.210	10.234	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	969.032	47.231	861.837	47.296
Treasury bills	-	-	-	-
Other debt securities	-	134.906	-	117.454
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	969.032	182.137	861.837	164.750

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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 310.470 (31 December 2010: TL 342.225).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	258.032	52.438	266.543	75.682
Other	-	-	-	-
Total	258.032	52.438	266.543	75.682

4.b Major types of available for sale financial assets

Available for sale financial assets comprise government bonds (73,68 %), Eurobonds (14,13 %) and shares and other securities (12,19 %) (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	2.084.909	2.092.006
Quoted on a stock exchange	1.680.689	1.673.839
Unquoted	404.220	418.167
Share certificates	55.909	53.457
Quoted on a stock exchange	31.884	29.433
Unquoted	24.025	24.024
Impairment provision(-)	(15.071)	(12.914)
Other	4.050	4.003
Total	2.129.797	2.136.552

Net book value of unquoted available for sale stocks are TL 12.277 (31 December 2010: TL 12.277).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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	139.967	117.413	98.978	117.413
Corporate shareholders	139.967	117.413	98.978	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	226	-	281	-
Total	140.193	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	5.027.918	3.235	57.386	21.868
Discount notes	-	-	-	-
Export loans	111.754	-	-	-
Import loans	-	-	-	-
Investment loans	2.766.046	3.235	46.336	19.507
Loans given to financial sector	833.200	-	-	-
Foreign loans	338	-	-	-
Consumer loans	226	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	1.316.354	-	11.050	2.361
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	5.027.918	3.235	57.386	21.868

(*) Close monitoring receivables from leasing transactions amounting to TL 15.440 have been also included.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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	166	60	226
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	166	60	226
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	166	60	226

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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 balance sheet date (31 December 2010: None).

5.e Domestic and foreign loans

	Current Period	Prior Period
Domestic loans	5.110.069	4.772.569
Foreign loans	338	349
Total	5.110.407	4.772.918

5.f Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	207.830	227.925
Indirect loans granted to subsidiaries and associates	-	-
Total	207.830	227.925

5.g Specific provisions provided against loans

	Current Period	Prior Period
Loans and receivables with limited collectibility	-	8.778
Loans and receivables with doubtful collectibility	8.778	-
Uncollectible loans and receivables	14.875	16.731
Loans and receivables with limited collectibility	23.653	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)	-	8.778	5.093
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	8.778	5.093
Prior Period			
(Gross amounts before provisions)	8.778	-	5.057
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	8.778	-	5.057

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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 (+)	-	-	48
Transfers from other categories of non-performing Loans (+)	-	8.778	-
Transfers to other categories of non-performing loans (-)	(8.778)	-	-
Collections (-)	-	-	(1.904)
Write-offs (-)	-	-	-
Corporate and Commercial Loans			
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	-	8.778	14.875
Specific provision (-)	-	(8.778)	(14.875)
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	-	8.767	5.388
Specific Provision (-)	-	(8.767)	(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	-	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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)	-	8.778	9.532
Specific Provision Amount (-)	-	(8.778)	(9.532)
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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations 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 balance sheet 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 balance sheet date, the Bank has TL 303.315 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 balance sheet date, the Bank has TL 308.456 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	308.456	304.791
Quoted	308.456	304.791
Unquoted	-	-
Impairment Provision (-)	-	-
Total	308.456	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	-	-
Impairment provision (-)	-	-
Closing Balance	273.582	273.582
Interest and Income Accruals	34.874	31.209
Total	308.456	304.791

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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	Gözlük Sanayi A.Ş. (Gözlük)	Izmir/Turkey	21,71	21,71
2	İş Factoring Finansman Hizmetleri A.Ş. (İş Factoring)	Istanbul/Turkey	21,75	100,00
3	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	58,54
4	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	48,75
5	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
6	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
Gözlük (1)	2.224	2.021	221	43	-	(443)	(30)	-
İş Factoring (2)	533.836	50.376	165	1.550	1	950	5.334	-
İş Finansal (3)	1.686.491	456.925	978	8.414	208	14.678	63.702	130.591
İş Girişim (4)	141.032	138.646	258	-	-	12.255	8.225	17.640
Terme (5)	16.295	3.178	639	37	-	155	674	-

- (1) Represents un-audited 31 December 2010 financial statements. Prior year profit/loss is obtained from un-audited 31 December 2009 financial statements.
- (2) Represents un-reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements.
- (3) Represents un-reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 consolidated financial statements. Fair value is presented as of 31 March 2011.
- (4) Represents audited 31 December 2010 consolidated financial statements. Prior year profit/loss is obtained from audited 31 December 2009 financial statements. Fair value is presented as of 31 March 2011.
- (5) Represents un-reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from un-audited 31 December 2010 financial statements.
- (6) Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. was established on 4 January 2011 and there are no financial statements as of the current 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	13.102	36.477
Purchases	800	-
Bonus Shares Obtained	-	12.852
Current Year Share of Profit	-	-
Sales	-	(7.598)
Revaluation Increase	12.302	36.723
Provision for Impairment	-	-
Transfers to subsidiaries (*)	-	(5.500)
Balance at the End of the Period	151.265	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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (Continued)

7. Information on Associates (Net):

7.a.2 Information on associates (Continued)

In the Board of Directors meeting dated 6 May 2010, 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. The decision 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	130.591	117.953
Financial Service Companies	-	-
Other Associates	19.123	18.659

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	148.231	135.929
Associates quoted on foreign stock exchanges	-	-

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

The Bank has not sold any associates in the current period.

In the prior period, the Board of Directors have authorised the General Manager on the meeting held on 25 March 2010 with the resolution numbered 1930 for the sale of all shares of Senapa Stampa Ambalaj Sanayi ve Ticaret A.Ş., 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations 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	97,63
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	66,71
4	TSKB Yatırım Ortaklığı A.Ş. (TSKB Y.O.)	Istanbul/Turkey	22,53	51,90
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)	6.148	4.393	1.280	-	-	982	1.362	-
YF MEN.DEĞ. (2)	587.967	62.078	1.551	8.014	368	2.080	9.561	-
TSKB GYO (3)	326.888	216.565	291.196	443	-	(4.368)	6.208	80.535
TSKB Y.O. (4)	44.059	41.960	-	6	111	(216)	5.633	6.090
TG A.Ş (5)	527	456	59	-	-	124	93	-
TGD A.Ş (6)	298	281	31	-	-	(38)	79	-

- (1) Represents un-reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.
- (2) Represents un- reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements.
- (3) Represents reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements. Fair value is presented as of 31 March 2011.
- (4) Represents un-reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements. Fair value is presented as of 31 March 2011.
- (5) Represents un-reviewed 31 March 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.
- (6) Represents un-reviewed 31 March 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	5.073	152
Purchases	-	234
Bonus shares obtained	7.662	6.705
Current year share of profit	-	-
Sales (**)	-	(7.500)
Revaluation increase	-	-
Provision for impairment	(2.589)	(4.787)
Transfer from associates (*)	-	5.500
Balance at the end of the period	147.764	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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations 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	147.764	142.691

8.a.4 Subsidiaries quoted on stock market

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	86.625	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 balance sheet date (31 December 2010: None).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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	24.824	24.645	27.040	26.768
Between 1- 4 years	40.193	38.420	45.304	43.320
More than 4 years	-	-	-	-
Total	65.017	63.065	72.344	70.088

10.b The information on net investments in finance leases

	Current Period	Prior Period
Gross investments in finance leases	65.017	72.344
Unearned revenue from finance leases (-)	(1.952)	(2.256)
Cancelled finance leases (-)	-	-
Net investments in finance leases	63.065	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 balance sheet date (31 December 2010: None).

12. Information on Investment Property:

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

13. Information on Deferred Tax Assets:

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

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

I. Explanations Related to the Assets (Continued)

13. Information on Deferred Tax Assets (Continued):

13.a Temporary differences, tax losses, exemptions and deductions reflected to balance sheet as deferred tax asset (Continued)

Deferred tax asset:	Current Period	Prior Period
Useful life difference of fixed assets	1.046	850
Employee benefit provision	696	687
Loan commissions accrual adjustment	9.316	8.194
Other provisions	8.364	8.368
Fair value difference of marketable securities	3.001	-
Total Deferred Tax Asset	22.423	18.099
Deferred tax liability:		
Derivative instrument accruals	(530)	(203)
Fair value difference of marketable securities	(4.550)	(1.098)
Other	(298)	-
Total Deferred Tax Liability	(5.378)	(1.301)
Net Deferred Tax Asset	17.045	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 balance sheet 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).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations Related to the Liabilities

1. Information of Maturity Structure of Deposits:

1.a.1 Maturity Structure of Deposits

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

2. Information on Derivative Financial Liabilities Held-For-Trading:

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

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2.077	1.588	200	-
Swap Transactions	2.030	2.885	2.128	2.694
Futures Transactions	-	-	-	-
Options	-	14.017	352	4.900
Other	-	-	80	-
Total	4.107	18.490	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	-	189.124	10.002	149.862
From Foreign Banks, Institutions and Funds	-	5.077.890	-	4.837.982
Total	-	5.267.014	10.002	4.987.844

3.b Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	438.259	10.002	390.128
Medium and long-term	-	4.828.755	-	4.597.716
Total	-	5.267.014	10.002	4.987.844

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations 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 the financial lease transactions with its affiliate; İş Finansal Kiralama A.Ş., and Vakıf Finansal Kiralama A.Ş. The lease agreements are paid in equal installments. There are no issues in these 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	1	-	1	-
Between 1 and 4 years	1	-	1	-
More than 4 years	-	-	-	-
Total	2	-	2	-

5.d Explanations regarding operational leases:

As of the balance sheet 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, 3 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 balance sheet 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 balance sheet date (31 December 2010: None).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations Related to the Liabilities (Continued)

7. Information on Provisions:

7.a Information on general provisions

	Current Period	Prior Period
General Provisions	48.571	45.084
Provisions for First Group Loans and Receivables	40.094	36.659
Provisions for Second Group Loans and Receivables	1.690	1.761
Provisions for non-Cash Loans	1.746	1.870
Other	5.041	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 2.948 (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 (*)	41.823	41.840
Total	41.823	41.840

(*) Other provision account includes TL 41.808 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 77.400). The interest accrued on this loan is TL 971 as of the balance sheet date.

The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the balance sheet date it is 2,706 % (0,456+2,25 spread). Principal of the loan will be repaid on 15 October 2016 as a whole.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

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

II. Explanations 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 (*)	11.900	-	12.588	-
Deferred tax liability	-	-	-	-
Total	11.900	-	12.588	-

(*) As of 31 March 2011, Corporate Tax Provision is TL 63.709 and netted off from Prepaid Tax of TL 51.809 (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 balance sheet 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	11.900	12.588
Taxation of securities	968	445
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	623	552
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	171	79
Other	1.725	2.048
Total	15.387	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	35	31
Other	-	-
Total	52	46

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations Related to the Liabilities (Continued)

10. Information on Shareholders' Equity:

10.a Presentation of paid-in capital

	Current Period	Prior Period
Common stock	700.000	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	700.000	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 15 April 2011. It has not been published in the Turkish Trade Registry Gazette as of the report date.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

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

II. Explanations 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	45.766	-	36.053	-
Valuation Differences	25.028	24.007	31.075	32.187
Foreign Exchange Difference	-	-	-	-
Total	70.794	24.007	67.128	32.187

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations Related to the Off-Balance Sheet Items

1. Information on Off-Balance Sheet Liabilities:

1.a Nature and amount of irrevocable loan commitments

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

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

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

As at the balance sheet date, total letters of credit are TL 239.881 (31 December 2010: TL 259.695).

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

As at the balance sheet date, total letters of guarantee given by the Bank is TL 751.738 (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	1.032.134	1.093.918
Total	1.032.134	1.093.918

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

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

**III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments
(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	-	-	11.578	2	-	-	10.728	1
Farming and stockbreeding	-	-	11.578	2	-	-	10.728	1
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industrial	145.673	45	625.686	88	178.606	51	660.506	89
Mining	-	-	-	-	1.174	1	-	-
Manufacturing Industry	1.058	-	104.994	15	1.082	-	103.193	14
Electricity, Gas, Water	144.615	45	520.692	73	176.350	50	557.313	75
Construction	13.408	4	27.710	4	19.183	5	27.493	4
Services	157.707	50	46.364	6	153.085	44	44.310	6
Wholesale and Retail Trade	-	-	29.225	4	-	-	29.263	4
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	-	-
Financial Institutions	157.382	50	16.749	2	148.907	43	14.648	2
Real Asset and Leasing Services	325	-	390	-	178	-	399	-
Self-employment Services	-	-	-	-	4.000	1	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	4.008	1	-	-	7	-	-	-
Total	320.796	100	711.338	100	350.881	100	743.037	100

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

	Ist Grup				IInd Grup			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	320.776	711.338	350.841	743.037	20	-	40	-
Letters of Guarantee	281.288	470.430	319.826	481.459	20	-	40	-
Bank Acceptances	-	-	-	-	-	-	-	-
Letters of Credit	-	239.881	-	259.695	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	39.488	1.027	31.015	1.883	-	-	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Explanations on Contingent Liabilities and Assets:

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

IV. Explanations Related to the Statement of Income

1.a Information on interest on loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	4.061	1.808	1.193	767
Medium and long term loans	18.430	35.990	17.603	23.814
Interest on non-performing loans	6.256	1.047	169	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	28.747	38.845	18.965	24.581

(*) 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	2.994	3	1.457	2
Foreign banks	-	7	2	20
Branches and head office abroad	-	-	-	-
Total	2.994	10	1.459	22

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	995	1	-	2
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	34.795	7.425	50.705	7.995
Investments Held to Maturity	9.492	-	8.154	-
Total	45.282	7.426	58.859	7.997

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	2.675	3.533

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations Related to the Statement of Income (Continued)

2.a Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	257	1.463	259	1.423
The Central Bank of Turkey	210	-	45	-
Domestic banks	47	252	209	112
Foreign banks	-	1.211	5	1.311
Branches and head office abroad	-	-	-	-
Other financial institutions	-	13.178	-	9.257
Total(*)	257	14.641	259	10.680

(*)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	128.133	110.558
Gains on capital market operations	1.604	1.119
On derivative financial instruments(*)	37.976	21.711
Foreign exchange gains	88.553	87.728
Losses (-)	(127.035)	(111.339)
Losses on capital market operations	(3.208)	(1.965)
On derivative financial instruments(*)	(38.180)	(25.171)
Foreign exchange losses	(85.647)	(84.203)

(*) Foreign exchange gain from derivative transactions amounting to TL 8.126 is presented in "Profit on derivative financial instruments" (31 March 2010: TL 7.686), foreign exchange loss from derivative transactions amounting to TL (11.620) is presented in "Losses on derivative financial instruments" (31 March 2010: TL (2.871)).

4. Information related to Other Operating Income:

	Current Period	Prior Period
Provisions Released	1.941	2.656
Gains on Sale of Assets	-	-
From Associate and Subsidiary Sales	-	-
From Movable Fixed Asset Sales	-	-
From Property Sales	-	-
From Other Asset Sales	-	-
Other	690	336
Total	2.631	2.992

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

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

IV. Explanations Related to the Statement of Income (Continued)

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	48	5
III. Group	-	-
IV. Group	-	-
V. Group	48	5
General provision expenses	3.487	1.381
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	3.865	6.291
Trading securities	5	657
Investment securities available for sale	3.860	5.634
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other	20	53
Total	7.420	7.730

6. Information related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	9.950	8.306
Reserve for employee termination benefits	-	97
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	328	308
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	77	65
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	20	-
Depreciation expenses of assets for resale	438	327
Impairment expenses of assets held for sale	-	-
Other operating expenses	4.039	3.935
Rent expenses	1.477	1.349
Maintenance expenses	107	90
Advertisement expenses	148	187
Other expenses	2.307	2.309
Loss on sale of assets	-	-
Other	1.838	1.046
Total	16.690	14.084

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations Related to the Statement of Income (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 11.888 (31 March 2010: TL 14.901). Deferred tax charge is TL 3.341 (31 March 2010: TL 2.269 deferred tax benefit).

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

Deferred tax charge calculated on temporary differences is TL 3.341 (31 March 2010: TL 2.269 deferred tax benefit).

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

As of 31 March 2011 deferred tax charge calculated based on temporary differences is TL 3.341 (31 March 2010: TL 2.269 deferred tax benefit). There is no deferred tax benefit or charge reflected to the income statement on carry forward tax losses, tax deductions and exceptions (31 March 2010: None).

In addition, TL 11.144 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:

As of 31 March 2011, profit before tax of the Bank has increased by 19,83 % (31 March 2010: 60,07 %).

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 124.043 interest income, TL 35.791 interest expenses and TL 3.491 net fee and commission income from banking operations (31 March 2010: TL 113.117 interest income, TL 33.692 interest expense, TL 1.744 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 (31 March 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	207.830	492	92.896	117.413	37.179	-
Interest and commission income	2.675	2	574	73	470	-

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 (**)	2.682	1	144	73	575	-

(*) Other entities included in the risk group; does not cover the financial lease receivables (31 December 2010: TL 1.433).

(**) The information is related to 31 March 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 forward transactions amounting to TL 30.960 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 3.960 (31 March 2010: TL 3.550).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. Explanations Related to Operations of the Bank

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

FITCH RATINGS

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

(*) International Credit Rating Service (Fitch Ratings) declared on its report dated 6 May 2011 that ‘BB+’that is explained at TSKB’s Long term maturity foreign currency rating note’s outlook “Positive” and the Bank’s other credit notes and outlook have been approved.

Information above is received from Fitch Ratings report dated 6 May 2011.

MOODY’S

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

(*) International Credit Rating Service, Moody's Investors Service Inc., declared on its report dated 14 January 2011 that ‘BA3’ that is explained at TSKB’s Long term maturity foreign currency rating note’s outlook “Positive” and the Bank’s other credit notes and outlook have been approved.

Information above is received from Moody’s Investors Service report dated 14 January 2011.

II. Other Explanations Related to the Events After the Balance Sheet Date

According to Provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, transfer of Banking and Insurance Pension Funds to Social Security Institution in three years has been decided and it is mentioned in the first paragraph of the Council of Ministers resolution that, the period can be extended for two years. 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS (Continued)

II. Other Explanations Related to the Events After the Balance Sheet Date (Continued)

Changes in required reserve ratios

1. Published in the Official Gazette No. 27884 dated 24 March 2011 and No. 2011/5 on the Amendment of the Communiqué on the **Required Provisions Scale obligation dated 1 April 2011, to be effective** with the Turkish Lira, Turkish Lira liabilities required reserve ratio for deposits / participation funds were differentiated according to the maturity structure. These ratios are below:

a) Turkish lira required reserve ratio;

TL Liabilities	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	15
Deposits/participation accounts up to 1 month maturity	15
Deposits/participation accounts up to 3 month maturity	13
Deposits/participation accounts up to 6 month maturity	9
Deposits/participation accounts up to 1 year maturity	6
Deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios correspond to maturities
Other than deposits/participation accounts	13

b) FX required reserve ratio is 11%

2. Published in the Official Gazette No. 27913 dated 22 April 2011 and No. 2011/6 on the Amendment of the Communiqué on the **Required Provisions Scale obligation dated 29 April 2011, to be effective** with the Turkish Lira, Turkish Lira liabilities required reserve ratio for deposits / participation funds were differentiated according to the maturity structure. These ratios are below:

TL Liabilities	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	16
Deposits/participation accounts up to 1 month maturity	16
Deposits/participation accounts up to 3 month maturity	13
Deposits/participation accounts up to 6 month maturity	9
Deposits/participation accounts up to 1 year maturity	6
Deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios correspond to maturities
Other than deposits/participation accounts	13

Foreign Currency Liabilities	Required Reserve Ratio (%)
Foreign currency demand deposits, notice deposits, private current accounts, deposits/participation accounts up to 1 month, 3 months, 6 months and 1 year maturity	12
Foreign currency deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	11
Special funds	Ratios correspond to maturities
Other foreign currency accounts up to 1 year maturity	12
Other foreign currency accounts up to 3 years maturity	11,5
Other foreign currency accounts longer than 3 years maturity	11

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION SEVEN

INDEPENDENT AUDITORS' REVIEW REPORT

I. Explanations on the Independent Auditors' Review Report

Unconsolidated financial statements and the notes to the financial statements as at 31 March 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 11 May 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.