



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Unconsolidated Financial Statements
As Of and For the Year Ended 31 December 2011
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

14 February 2012

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



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

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

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

We have audited the unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") as of 31 December 2011 and the related unconsolidated income statement, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' Responsibility for the Financial Statements:

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

Auditors' Responsibility:

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

Opinion:

In our opinion, based on our audit, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as of 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards as per the Article 37 of (Turkish) Banking Law No: 5411 and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
14 February 2012

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi



Orhan Akova
Partner

Additional paragraph for convenience translation to English:

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2011**







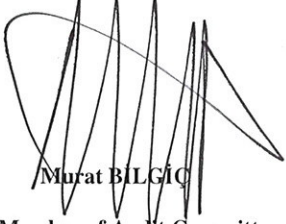
E-Mail Address for Contact Person: nazlica@tskb.com.tr

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

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

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

February 14, 2012

 Adnan BALI	 H. Fevzi ONAT	 Ömer ERYILMAZ	 Mustafa GÖKTAŞ
Chairman of Board of Directors	Member of Board of Directors and General Manager	Executive Vice President In Charge of Financial Reporting	Head of Financial Control Department
 Mustafa Baran TUNCER	 Kemal Serdar DIŞLI	 Murat BİLGİCİ	
Member of Audit Committee	Member of Audit Committee	Member of Audit Committee	

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

Name-Surname / Title : Ayşe Nazlıca / Head of Budgeting and Planning
Telephone Number : (212) 334 51 94

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION ONE

GENERAL INFORMATION

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

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	400.001	50,00	400.001	-
T. Vakıflar Bankası T.A.O.	67.020	8,38	67.020	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	332.969	41,62	332.969	-
Physically Under Custody (Other Institutions and Individuals)	10	-	10	-
Total	800.000	100,00	800.000	-

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

<u>Title (1)</u>	<u>Name and Surname</u>	<u>Academic Background</u>	<u>Task</u>	<u>Experience in Banking and Management Before Appointment</u>
Chairman of the Board of Directors	Adnan Bali (2)	Undergraduate		25 years
Vice Chairman of the Board of Directors	Mehmet Şencan (4)	Undergraduate		23 years
Members of the Board of Directors	Yavuz Canevi	Postgraduate		13 years
	Mustafa Baran Tuncer	Doctorate		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	Doctorate		10 years
	Uygar Şafak Öğün	Postgraduate		15 years
Members of the Board of Directors and General Manager	H. Fevzi Onat (5)	Undergraduate	General Manager	30 years
Members of Audit Committee	M. Baran Tuncer	Doctorate		28 years
	Kemal Serdar Dışli	Postgraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
Senior Executive Vice Presidents	A.Orhan Beşkök (9)	Postgraduate	Technical Services and Financial Institutions	19 years
	Şeniz Yarcan (7)	Undergraduate	Treasury, Investment Banking and External Relation	16 years
Vice Presidents	Burak Akgüç (10)	Undergraduate	Corporate Marketing & Corporate Finance	14 years
	Ömer Eryılmaz	Undergraduate	Financial Control and Securities	20 years
	Çiğdem İçel (9)	Undergraduate	Treasury and Human Resources	17 years
	Ufuk Bala Yücel (10)	Undergraduate	Project Finance and Loans	20 years
Statutory Auditors	Volkan Kublay (3)	Undergraduate	Auditor	11 years
	Hamide Esma Uygun Çelikten (3)	Undergraduate	Auditor	14 years
<u>Changes</u>	<u>Resigned</u>	<u>Appointed</u>		
<u>Title</u>				
Chairman of the Board of Directors	Hakkı Ersin Özince (2)	Adnan Bali (2)		
Members of the Board of Directors and General Manager	Halil Eroğlu (5)	H. Fevzi Onat (5)		
Vice Chairman of the Board of Directors	Murat Vulkan (4)	Mehmet Şencan (4)		
Statutory Auditors	Mete Uluyurt	Hamide Esma Uygun Çelikten (3)		
Vice President	Şemseddin Arat (6)			

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

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

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

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

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

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

(7) In the Board of Directors meeting held on 27 December 2011 numbered 2033 Şeniz Yarcan, Treasury, Investment Banking and Foreign Relations Senior Vice President, was elected as General Manager of associate of the Bank, Yatırım Finansman Menkul Değerler A.Ş. as of 1 January 2012.

(8) In the Board of Directors meeting held on 27 December 2011 numbered 2033, Berat Gökhan Çanakpınar was elected to Vice President of General Manager responsible of Information Technology and Operation. He started his duty on 10 January 2012 after the legal procedures finished.

(9) According to circular 27 December 2011 dated, numbered 2011/06, Human Resources and Operation Vice Chairman of General Manager Çiğdem İçel's responsibly managements have changed as Treasury and Human Resources, and Technical Services Senior General Manager, Orhan Başkök's responsibly managements has changed as Technical Services and Financial Institutions.

(10) According to circular 27 December 2011 dated, numbered 2011/16, Burak Akgüç was elected to Corporate Marketing and Corporate Finance Vice Chairman of General Manager; Ufuk Bala Yücel was elected to Project Finance and Loans Vice Chairman of General Manager.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

Current Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	400.001	50,00	400.001	-
T. Vakıflar Bankası T.A.O.	67.020	8,38	67.020	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	332.969	41,62	332.969	-
Physically Under Custody (Other Institutions and Individuals)	10	-	10	-
Total	800.000	100,00	800.000	-
Prior Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	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 the Middle East and exercise all activities including capital market transactions and giving foreign currency loans.

In the Board of Directors meeting held on 25 January 2012; it was decided to close the Bahrain Branch of the Bank and in this context, General Management was authorized for the required operations.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2011

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

		Audited Current Period 31 December 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)	5.390	115.652	121.042	5.041	59.403	64.444
II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)	(2)	71.573	32.651	104.224	58.740	8.690	67.430
2.1 Trading financial assets		71.573	32.651	104.224	58.740	8.690	67.430
2.1.1 Public sector debt securities		59.040	-	59.040	55.528	-	55.528
2.1.2 Share certificates		-	-	-	138	-	138
2.1.3 Derivative financial assets held for trading		11.961	32.651	44.612	2.571	8.690	11.261
2.1.4 Other marketable securities		572	-	572	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 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	6.752	52.803	59.555	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)	1.749.463	571.043	2.320.506	1.669.057	467.495	2.136.552
5.1 Share certificates		27.198	2.957	30.155	40.871	2.957	43.828
5.2 Public sector debt securities		1.617.661	378.877	1.996.538	1.553.796	358.689	1.912.485
5.3 Other marketable securities		104.604	189.209	293.813	74.390	105.849	180.239
VI. LOANS	(5)	1.893.502	4.473.548	6.367.050	1.734.109	3.038.809	4.772.918
6.1 Loans		1.893.502	4.473.548	6.367.050	1.734.109	3.038.809	4.772.918
6.1.1 Loans to risk group of the Bank		200.426	99.149	299.575	227.925	138.516	366.441
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1.693.076	4.374.399	6.067.475	1.506.184	2.900.293	4.406.477
6.2 Non performing loans		10.998	14.675	25.673	11.013	14.496	25.509
6.3 Specific provisions (-)		(10.998)	(14.675)	(25.673)	(11.013)	(14.496)	(25.509)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	126.955	-	126.955	304.791	-	304.791
8.1 Public sector debt securities		126.955	-	126.955	304.791	-	304.791
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	129.479	-	129.479	138.163	-	138.163
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		129.479	-	129.479	138.163	-	138.163
9.2.1 Financial investments		128.388	-	128.388	137.480	-	137.480
9.2.2 Non-financial investments		1.091	-	1.091	683	-	683
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	118.888	-	118.888	142.691	-	142.691
10.1 Unconsolidated financial subsidiaries		118.276	-	118.276	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)	-	28.400	28.400	-	70.088	70.088
12.1 Finance lease receivables		-	29.577	29.577	-	72.344	72.344
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(1.177)	(1.177)	-	(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)	(12)	9.009	2	9.011	15.981	1	15.982
XV. INTANGIBLE ASSETS (Net)	(13)	452	-	452	414	-	414
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		452	-	452	414	-	414
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	14.140	-	14.140	16.798	-	16.798
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		14.140	-	14.140	16.798	-	16.798
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	5.314	50.885	56.199	5.373	14.702	20.075
TOTAL ASSETS		4.130.917	5.324.984	9.455.901	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 DECEMBER 2011

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

LIABILITIES	Note Ref.	Audited Current Period 31 December 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)	6.470	38.506	44.976	2.760	7.594	10.354
III. FUNDS BORROWED	(3)	23.763	6.755.520	6.779.283	10.002	4.987.844	4.997.846
IV. MONEY MARKET BALANCES	(4)	769.792	177.962	947.754	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		769.792	177.962	947.754	1.043.765	142.299	1.186.064
V. MARKETABLE SECURITIES ISSUED (Net)	V.	2	-	2	195.954	-	195.954
5.1 Bills		2	-	2	195.954	-	195.954
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		1.559	6.335	7.894	-	-	-
6.1 Borrower funds		1.559	6.335	7.894	-	-	-
6.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		72.765	17.391	90.156	53.245	20.342	73.587
VIII. OTHER LIABILITIES	(5)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(6)	-	-	-	-	-	-
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)
DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(8)	108.664	-	108.664	90.360	-	90.360
12.1 General loan loss provisions		64.564	-	64.564	45.084	-	45.084
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		3.792	-	3.792	3.436	-	3.436
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		40.308	-	40.308	41.840	-	41.840
XIII. TAX LIABILITY	(10)	16.413	-	16.413	15.758	-	15.758
13.1 Current tax liability		16.413	-	16.413	15.758	-	15.758
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(11)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(9)	-	95.000	95.000	-	77.947	77.947
XVI. SHAREHOLDERS' EQUITY	(12)	1.345.753	20.006	1.365.759	1.232.041	32.187	1.264.228
16.1 Paid-in capital		800.000	-	800.000	700.000	-	700.000
16.2 Capital reserves		4.245	20.006	24.251	98.676	32.187	130.863
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund	(15)	(27.303)	20.006	(7.297)	67.128	32.187	99.315
16.2.4 Tangible assets revaluation differences	(15)	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	(13)	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	(14)	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		255.342	-	255.342	211.629	-	211.629
16.4.1 Prior years' income/losses		-	-	-	-	-	-
16.4.2 Current year income/loss		255.342	-	255.342	211.629	-	211.629
TOTAL LIABILITIES AND EQUITY		2.345.181	7.110.720	9.455.901	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 DECEMBER 2011

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

		Audited Current Period 31 December 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)		2.255.167	7.434.041	9.689.208	1.288.721	4.212.043	5.500.764
I. GUARANTEES AND COLLATERALS	(1)	298.455	970.524	1.268.979	350.881	743.037	1.093.918
1.1 Letters of guarantee		278.215	411.262	689.477	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		278.215	411.262	689.477	319.866	481.459	801.325
1.2 Bank loans		-	3.333	3.333	-	-	-
1.2.1 Import letters of acceptance		-	3.333	3.333	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	555.929	555.929	-	259.695	259.695
1.3.1 Documentary letters of credit		-	555.929	555.929	-	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		20.240	-	20.240	31.015	1.883	32.898
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		1.087.925	2.985.994	4.073.919	516.515	636.309	1.152.824
2.1 Irrevocable commitments		42.801	146.519	189.320	67.488	93.960	161.448
2.1.1 Forward asset purchase and sales commitments		22.145	128.179	150.324	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		-	6.968	6.968	-	-	-
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		20.656	11.372	32.028	23.758	9.373	33.131
2.2 Revocable commitments		1.045.124	2.839.475	3.884.599	449.027	542.349	991.376
2.2.1 Revocable loan granting commitments		1.045.124	2.839.475	3.884.599	449.027	542.349	991.376
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	868.787	3.477.523	4.346.310	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		868.787	3.477.523	4.346.310	421.325	2.832.697	3.254.022
3.2.1 Forward foreign currency buy/sell transactions		172.110	684.463	856.573	17.825	18.191	36.016
3.2.1.1 Forward foreign currency transactions-buy		88.151	341.027	429.178	5.767	12.403	18.170
3.2.1.2 Forward foreign currency transactions-sell		83.959	343.436	427.395	12.058	5.788	17.846
3.2.2 Swap transactions related to f.c. and interest rates		50.895	1.969.223	2.020.118	109.495	622.047	731.542
3.2.2.1 Foreign currency swaps-buy		18.415	304.520	322.935	33.838	93.641	127.479
3.2.2.2 Foreign currency swaps-sell		32.480	287.787	320.267	75.657	46.808	122.465
3.2.2.3 Interest rate swaps-buy		-	688.458	688.458	-	240.799	240.799
3.2.2.4 Interest rate swaps-sell		-	688.458	688.458	-	240.799	240.799
3.2.3 Foreign currency, interest rate and securities options		644.850	822.904	1.467.754	259.564	536.750	796.314
3.2.3.1 Foreign currency options-buy		322.425	386.498	708.923	139.602	232.459	372.061
3.2.3.2 Foreign currency options-sell		322.425	386.498	708.923	119.962	247.627	367.589
3.2.3.3 Interest rate options-buy		-	24.954	24.954	-	28.332	28.332
3.2.3.4 Interest rate options-sell		-	24.954	24.954	-	28.332	28.332
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	1.573.170	1.573.170
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	1.573.170	1.573.170
3.2.6 Other		932	933	1.865	34.441	82.539	116.980
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		6.500.022	64.237.278	70.737.300	3.859.979	41.668.839	45.528.818
IV. ITEMS HELD IN CUSTODY		1.070.518	228.362	1.298.880	1.345.116	183.716	1.528.832
4.1 Assets under management		4.712	-	4.712	7.233	122	7.355
4.2 Investment securities held in custody		295.649	228.362	524.011	283.132	183.594	466.726
4.3 Checks received for collection		-	-	-	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		18.402	-	18.402	18.101	-	18.101
4.8 Custodians		751.755	-	751.755	1.036.574	-	1.036.574
V. PLEDGED ITEMS		4.487.011	39.004.982	43.491.993	1.777.664	24.744.564	26.522.228
5.1 Marketable securities		2.931	1.282.865	1.285.796	2.277	749.703	751.980
5.2 Guarantee notes		65.423	1.574.739	1.640.162	69.093	1.600.660	1.669.753
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		112.594	7.130.658	7.243.252	81.510	4.112.535	4.194.045
5.6 Other pledged items		4.306.063	29.016.720	33.322.783	1.624.784	18.281.666	19.906.450
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		942.493	25.003.934	25.946.427	737.199	16.740.559	17.477.758
TOTAL OFF BALANCE SHEET ITEMS (A+B)		8.755.189	71.671.319	80.426.508	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 YEAR ENDED 31 DECEMBER 2011

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

	Note Ref.	Audited Current Period 1 January 2011 – 31 December 2011	Audited Prior Period 1 January 2010 – 31 December 2010
I. INTEREST INCOME	(1)	513.097	432.910
1.1 Interest on loans		292.398	194.638
1.2 Interest received from reserve deposits		-	59
1.3 Interest received from banks		8.091	7.522
1.4 Interest received from money market placements		3.692	104
1.5 Interest received from marketable securities portfolio		206.608	226.589
1.5.1 Financial assets held for trading		4.573	4.431
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		166.218	186.760
1.5.4 Investments held-to-maturity		35.817	35.398
1.6 Finance lease income		2.144	3.472
1.7 Other interest income		164	526
II. INTEREST EXPENSES	(2)	(148.773)	(135.232)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(79.933)	(49.820)
2.3 Interest on money market borrowings		(64.772)	(79.677)
2.4 Interest on securities issued		(4.033)	(5.722)
2.5 Other interest expense		(35)	(13)
III. NET INTEREST INCOME (I - II)		364.324	297.678
IV. NET FEES AND COMMISSIONS INCOME		9.898	13.521
4.1 Fees and commissions received		10.949	17.400
4.1.1 Non-cash loans		5.617	5.459
4.1.2 Other		5.332	11.941
4.2 Fees and commissions paid		(1.051)	(3.879)
4.2.1 Non-cash loans		(3)	(3)
4.2.2 Other		(1.048)	(3.876)
V. DIVIDEND INCOME	(3)	25.829	22.683
VI. NET TRADING INCOME	(4)	(10.951)	(3.797)
6.1 Securities trading gains/ (losses)		(2.491)	(3.325)
6.2 Derivative financial instruments gains/losses		(26.882)	1.943
6.3 Foreign exchange gains/losses (net)		18.422	(2.415)
VII. OTHER OPERATING INCOME	(5)	27.563	25.743
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		416.663	355.828
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(34.032)	(24.689)
X. OTHER OPERATING EXPENSES (-)	(7)	(64.916)	(62.673)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		317.715	268.466
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)	317.715	268.466
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(62.373)	(56.837)
16.1 Provision for current income taxes		(49.194)	(51.821)
16.2 Provision for deferred taxes		(13.179)	(5.016)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	255.342	211.629
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
18.3 Income on other discontinued operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3 Loss from other discontinued operations		-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)		-	-
21.1 Provision for current income taxes		-	-
21.2 Provision for deferred taxes		-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	255.342	211.629
Earnings/(losses) per share		0,3192	0,2645

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 YEAR ENDED 31 DECEMBER 2011

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

	Audited Current Period 1 January 2011 – 31 December 2011	Audited Prior Period 1 January 2010 – 31 December 2010
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDER'S EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(64.010)	17.323
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	(53.123)	31.936
IX. DEFERRED TAX OF VALUATION DIFFERENCES	10.521	(3.303)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(106.612)	45.956
XI. CURRENT YEAR PROFIT/LOSS	255.342	211.629
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(1.770)	373
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	257.112	211.256
XII. TOTAL PROFIT AND LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	148.730	257.585

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011
(Currency: 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	Acc. Val. Diff. from Assets Held for sale and from Hedging Funds	Disc. Operations	Total Equity to Parent	Attributable Minority Shares	Total Shareholders' Equity
CHANGES IN SHAREHOLDER'S EQUITY																			
Prior Period – 31 December 2010																			
I.		600.000	374	-	-	55.900	28.184	96.792	2.920	-	174.888	53.359	28.378	-	-	-	1.040.795	-	1.040.795
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	45.956	-	-	-	-	45.956	-	45.956
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	(2.796)	-	2.796	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		100.000	-	-	-	-	-	(15.000)	-	-	(85.000)	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		100.000	-	-	-	-	-	(15.000)	-	-	(85.000)	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	211.629	-	-	-	-	-	-	211.629	-	211.629
XVIII.		-	-	-	-	17.659	8.745	6.536	-	-	(87.092)	-	-	-	-	-	(34.152)	-	(34.152)
18.1		-	-	-	-	-	-	-	-	-	(34.152)	-	-	-	-	-	-	-	-
18.2		-	-	-	-	17.659	8.745	26.536	-	-	(52.940)	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		700.000	374	-	-	73.559	36.929	108.328	2.920	211.629	-	99.315	31.174	-	-	-	1.264.228	-	1.264.228
Current Period – 31 December 2011																			
I.		700.000	374	-	-	73.559	36.929	108.328	2.920	-	211.629	99.315	31.174	-	-	-	1.264.228	-	1.264.228
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	(106.612)	-	-	-	-	(106.612)	-	(106.612)
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		100.000	-	-	-	-	-	-	-	-	(100.000)	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		100.000	-	-	-	-	-	-	-	-	(100.000)	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	255.342	-	-	-	-	-	-	255.342	-	255.342
VIII.		-	-	-	-	21.802	10.581	32.047	-	-	(111.629)	-	-	-	-	-	(47.199)	-	(47.199)
18.1		-	-	-	-	-	-	-	-	-	(47.199)	-	-	-	-	-	-	-	-
18.2		-	-	-	-	21.802	10.581	32.047	-	-	(64.430)	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		800.000	374	-	-	95.361	47.510	140.375	2.920	255.342	-	(7.297)	31.174	-	-	-	1.365.759	-	1.365.759

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Note Ref.	Audited Current Period 31 December 2011	Audited Prior Period 31 December 2010
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		432.418	185.421
1.1.1 Interest received		545.310	438.584
1.1.2 Interest paid		(149.416)	(141.266)
1.1.3 Dividends received		5.586	3.126
1.1.4 Fees and commissions received		10.949	17.400
1.1.5 Other income	(1)	20.707	27.686
1.1.6 Collections from previously written off loans		6.815	522
1.1.7 Payments to personnel and service suppliers		(49.495)	(50.158)
1.1.8 Taxes paid		(47.762)	(49.635)
1.1.9 Others	(1)	89.724	(60.838)
1.2 Changes in operating assets and liabilities		(279.551)	(375.959)
1.2.1 Net (increase) decrease in financial assets		(5.454)	(24.176)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.4 Net (increase) decrease in loans		(1.794.027)	(922.699)
1.2.5 Net (increase) decrease in other assets	(1)	(102.194)	(43.728)
1.2.6 Net increase (decrease) in bank deposits		-	-
1.2.7 Net increase (decrease) in other deposits		-	-
1.2.8 Net increase (decrease) in funds borrowed		1.853.464	705.419
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	(231.340)	(90.775)
I. Net cash provided by/(used in) banking operations		152.867	(190.538)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided by/(used in) investing activities		(22.161)	28.471
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(2)	(800)	(234)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	(3)	392	15.098
2.3 Fixed asset purchases	(2)	(1.234)	(1.033)
2.4 Fixed asset sales	(3)	17.706	5.117
2.5 Cash paid for purchase of financial assets available for sale		(215.671)	9.696
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 (*)		177.795	-
2.9 Others		(349)	(173)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided by/(used in) financing activities		(237.941)	165.835
3.1 Cash obtained from funds borrowed and securities issued		2	199.987
3.2 Cash used for repayment of funds borrowed and securities issued		(190.744)	-
3.3 Capital increase		-	-
3.4 Dividends paid		(47.199)	(34.152)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	5.887	7.699
V. Net increase / (decrease) in cash and cash equivalents		(101.348)	11.467
VI. Cash and cash equivalents at the beginning of the period	(4)	169.034	157.567
VII. Cash and cash equivalents at the end of the period	(4)	67.686	169.034

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Audited Current Period 31 December 2011 (*)	Audited Prior Period 31 December 2010
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	317.715	268.466
1.2 TAXES AND DUTIES PAYABLE	(62.373)	(56.837)
1.2.1 Corporate Tax (Income tax)	(49.194)	(51.821)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(13.179)	(5.016)
A. NET INCOME FOR THE YEAR (1.1-1.2)	255.342	211.629
1.3 PRIOR YEARS LOSSES (-)(*)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	10.581
1.5 OTHER STATUTORY RESERVES (-)	-	10.581
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	255.342	190.467
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	42.000
1.6.1 To owners of ordinary shares	-	42.000
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	4.457
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	742
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	100.000
1.9.1 To owners of ordinary shares	-	100.000
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	11.221
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	32.047
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	255.342	211.629
3.2 TO OWNERS OF ORDINARY SHARES (%)	31,92	30,23
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	142.000
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	20,29
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the Board of Directors has not yet prepared any proposal for profit distribution relating to the year 2011, only distributable profit is presented in the statement of profit distribution for the year ended 2011.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of financial statements:

As prescribed in the Article 37 of the Banking Act No. 5411, 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 in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" and Turkish Accounting Standards, Turkish Financial Reporting Standards promulgated by Turkish Accounting Standards Board ("TASB") and other regulations, explanations and circulars on accounting and financial reporting principles announced by the BRSA.

Per decree No 660 published in the Official Gazette dated 2 November 2011 and became effective, additional article No:1 of the 2499 numbered Law on establishment of TASB has been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Association ("the Board") has been decided by the Council of Ministers. In accordance with this additional temporary article no 1 of the decree, current regulations will prevail until related standards and regulations will be issued by the Board become effective.

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 Turkish Accounting Standards, Turkish Financials Reporting Standards and related regulations, explanations and circulars on accounting and financial reporting principles announced by the BRSA. These accounting policies and valuation principles are explained in the below notes through II to XXIII.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The main sources of the funds of the Bank have variable interest rates. The financial balances are monitored 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 monetary swaps.

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

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

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 income statement on these derivative instruments.

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

V. Explanations on Interest Income and Expenses

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

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

VI. Explanations on Fees and Commission Income and Expenses

Fees and commissions received from cash loans, that are not an integral part of the effective interest rate, and fees for various banking services are recorded as income when collected. Fees and commissions paid for the funds borrowed, which are not integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. Excluding these income and expenses, all other income and expenses, fee and commission income and expenses, including commissions received from non-cash loans are recorded on an accrual basis.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets and financial liabilities. 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 income statement; gain or loss of available for sale assets are accounted for under the shareholders' equity.

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

Cash, Banks and Other Financial Institutions:

Cash and cash equivalents comprise cash 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (continued)

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.

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (continued)

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 income statement.

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

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

VIII. Explanations on Impairment of Financial Assets

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Impairment of Financial Assets (continued)

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

As a consequence of the regulation published in Official Gazette No. 27968 dated 18 June 2011 amending the “Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, for the banks, of which the consumer loans exceed 20% of total loans, general loan loss provision ratio is 4% for consumer loans which are followed under standard loans and receivables except car and housing loans; and is 8% for the loans under close monitoring except car and housing loans. Since the consumer loans of the Bank are composed of personnel loans as of 31 December 2011 and do not exceed the ratios mentioned above, additional general loan loss provision has not been calculated.

IX. 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.

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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 cancelling the plan is low. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

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

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 unconsolidated financial statements of the Bank do not include goodwill as of the reporting date.

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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	4-50	2-25
Vehicles	5	20
Other Tangible Assets	1-50	2-100

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.

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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. 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 recognized 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 months 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 instalments in maximum 15 years. Nonetheless, the related Article of the Banking Law was annulled by the Constitutional Court's decision No: E. 2005/39 and K. 2007/33 dated 22 March 2007 that were published in the Official Gazette No: 26479 on 31 March 2007 as of the release of the related decision, the execution of this article was cancelled as of the publication of the decision and the underlying reasoning for the cancellation of the related article was published in the Official Gazette No: 26731 on 15 December 2007.

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on Liabilities Regarding Employee Benefits (continued)

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

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

The Main Opposition Party has appealed to the Higher Court on 19 June 2008 for cancellation of some articles, including the first paragraph of 20. Temporary article of the Law, and requested them to be ineffective until the case of revocatory action is finalized. 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 2011 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per February 2012 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.

XVII. Explanations on Taxation

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

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on Taxation (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the income statement as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are 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 or branch offices in Bahrain are not subject to tax according to the regulations of that country.

Transfer Pricing

Transfer pricing is regulated through Article 13 of the 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.

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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 12 May 2011 and has been published in the Turkish Trade Registry Gazette No: 7824 on 27 May 2011.

In the prior period, the Bank's share capital has increased by TL 100.000. In the meeting of the General Assembly held on 25 March 2010, it has been resolved that, paid-in capital of the Bank will be increased from TL 600.000 to TL 700.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 85.000 of this increase will be incorporated from the profit of the year 2009 and TL 15.000 from extraordinary reserves. The increase in paid-in capital was approved by the BRSA on 18 May 2010 and has been published in the Turkish Trade Registry Gazette No: 7576 on 2 June 2010.

XX. Explanations on Acceptances

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

XXI. Explanations on Government Incentives

The Bank does not use government incentives.

XXII. Explanations on Segment Reporting

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXII. Explanations on Segment Reporting (continued)

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

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	212.926	151.398	-	364.324
Net Commission and Fees Income	5.029	4.128	741	9.898
Other Income	14.389	48	38.955	53.392
Other Expense	(57.232)	(26.924)	(25.743)	(109.899)
Profit Before Tax	175.112	128.650	13.953	317.715
Tax Provision				(62.373)
Net Profit				255.342
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	6.395.450	2.732.282	79.802	9.207.534
Investment in Associates and Subsidiaries	-	-	248.367	248.367
Total Assets	6.395.450	2.732.282	328.169	9.455.901
Segment Liabilities	6.396.378	1.478.531	215.233	8.090.142
Shareholders' Equity	-	-	1.365.759	1.365.759
Total Liabilities	6.396.378	1.478.531	1.580.992	9.455.901

Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	150.398	147.280	-	297.678
Net Commission and Fees Income	5.533	6.956	1.032	13.521
Other Income	20.090	1.819	27.694	49.603
Other Expense	(42.879)	(28.951)	(20.506)	(92.336)
Profit Before Tax	133.142	127.104	8.220	268.466
Tax Provision				(56.837)
Net Profit				211.629
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
Shareholders' Equity	-	-	1.264.228	1.264.228
Total Liabilities	5.075.792	1.392.372	1.443.934	7.912.098

XXIII. Explanations on Other Matters

None.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

As of 31 December 2011, the capital adequacy ratio of the Bank 19,08 % (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)	262.273	-	532.434	1.314.118	4.921.253	8	9
Cash	280	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	7.853	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	59.553	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	112.909	-	-	-	-	-	-
Loans	-	-	423.756	1.199.369	4.390.187	8	9
Non-performing Loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables	-	-	5.609	5.779	17.012	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	95.787	-	-	-	-	-	-
Receivables from Instalment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	34.441	-	3.282	-	-
Interest and Income Accruals	31.168	-	9.075	108.970	236.974	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	248.367	-	-
Tangible Assets	-	-	-	-	8.387	-	-
Other Assets	14.276	-	-	-	17.044	-	-
Off-Balance Sheet Items	21.853	-	250.530	62.844	1.018.391	-	-
Guarantees and Commitments	21.853	-	201.387	62.844	995.532	-	-
Derivative Financial Instruments	-	-	49.143	-	22.859	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	284.126	-	782.964	1.376.962	5.939.644	8	9

(*)The Bank has no 10% risk weighted assets and liabilities.

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	6.784.748	4.836.490
Amount Subject to Market Risk (ASMR)	541.813	551.125
Amount Subject to Operational Risk (ASOR)	533.236	411.926
Shareholders' Equity	1.499.272	1.318.425
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	19,08	22,73

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in capital	800.000	700.000
Nominal capital	800.000	700.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	374	374
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	95.361	73.559
First legal reserve (Turkish Commercial Code 466/1)	47.510	36.928
Second legal reserve (Turkish Commercial Code 466/2)	47.851	36.631
Other legal reserve per special legislation	-	-
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	255.342	211.629
Current period profit	255.342	211.629
Prior years' profits	-	-
Provisions for possible losses up to 25 % of core capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	31.174	31.174
Primary subordinated loans up to 15 % of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	(229)	(313)
Prepaid expenses (-) (*)	-	(5.779)
Intangible assets (-)	(452)	(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	1.372.375	1.158.407

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

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

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Loan Loss Provisions	64.564	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 (**)	75.400	77.500
45 % of the marketable securities value increase fund (*)	(12.672)	44.691
Associates and subsidiaries	(17.070)	16.224
Available for sale securities	4.398	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	127.292	167.275
TIER III CAPITAL		
CAPITAL	1.499.667	1.325.682
DEDUCTIONS FROM THE CAPITAL	(395)	(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	(395)	(7.257)
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	1.499.272	1.318.425

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

(**) According to BRSA's "Regulation on Equity of Banks", 80 % amount of the Bank's Subordinated Loan is included in the calculation of supplementary capital if the maturity of the subordinated loan is less than 5 years.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk

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

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

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

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

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

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

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

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

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

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

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

The first 100 largest cash loans constitute 84,68% of the total cash loans portfolio of the Bank (31 December 2010: 85,58%).

The first 100 largest non cash loans constitute 100% of the total non cash loans portfolio of the Bank (31 December 2010: 100%).

The first 100 largest cash and non cash loans constitute 84,72% of the total on and off balance sheet accounts (31 December 2010: 84,23%).

The Bank calculated the general loan loss provision of TL 64.564 in accordance with the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" (31 December 2010: TL 45.084).

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

Credit risk by types of borrowers and geographical concentration

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities		Other Loans (*)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers								
Private Sector	5.274.175	3.514.323	712.820	675.449	201.114	107.901	276.767	350.942
Public Sector	-	-	-	-	2.182.533	2.272.680	-	-
Banks	-	-	375.020	569.515	93.271	72.965	59.555	161.752
Retail Customers	5.035	13.631	-	-	-	-	-	-
Share Certificates	-	-	-	-	30.155	43.966	-	-
Total	5.279.210	3.527.954	1.087.840	1.244.964	2.507.073	2.497.512	336.322	512.694
Information according to geographical concentration								
Domestic	5.267.211	3.527.954	1.078.374	1.163.341	2.314.907	2.388.707	293.141	506.002
European Union Countries	266	-	-	40.275	87.969	88.921	6.207	662
OECD Countries (**)	-	-	-	-	-	-	1.652	1.200
Off-Shore Banking Regions	461	-	-	41.348	104.197	19.884	114	50
USA, Canada	-	-	-	-	-	-	35.208	4.780
Other Countries	11.272	-	9.466	-	-	-	-	-
Total	5.279.210	3.527.954	1.087.840	1.244.964	2.507.073	2.497.512	336.322	512.694

(*) Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

(**) OECD countries except EU countries, USA and Canada.

Information according to geographical concentration

	Assets	Liabilities(***)	Non-Cash Loans	Equity Investments (**)	Net Income
Current Period					
Domestic	8.915.038	1.314.216	1.268.979	275.565	262.687
European Union Countries	91.486	3.724.864	-	2.957	-
OECD Countries (*)	1.652	-	-	-	-
Off-Shore Banking Regions	104.774	45.259	-	-	(7.345)
USA, Canada	43.691	3.005.803	-	-	-
Other Countries	20.738	-	-	-	-
Total	9.177.379	8.090.142	1.268.979	278.522	255.342
Prior Period					
Domestic	7.392.769	1.628.638	1.093.918	321.863	205.387
European Union Countries	127.247	2.808.819	-	2.957	-
OECD Countries (*)	1.200	-	-	-	-
Off-shore Banking Regions	61.282	53.187	-	-	6.242
USA, Canada	4.780	2.157.226	-	-	-
Other Countries	7.587.278	6.647.870	1.093.918	324.820	211.629
Total	6.639.118	5.863.834	716.383	265.511	174.888

(*) OECD countries except EU countries, USA and Canada.

(**) Since investment balances are included in the "Equity investments" column, they are not shown in the "assets" column.

(***) Shareholders' equity is not included in liabilities column.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

Sector concentration for cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	fc	(%)
Agricultural	19.069	1	-	-	3.472	-	-	-
Farming and Raising Livestock	19.069	1	-	-	3.472	-	-	-
Forestry, Wood and Paper	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	1.032.339	55	3.033.768	67	886.762	51	1.732.094	56
Mining and Petroleum	-	-	-	-	5.980	-	14.414	-
Production	381.852	20	1.169.537	26	406.686	23	586.763	19
Electricity, Gas and Water	650.487	35	1.864.231	41	474.096	28	1.130.917	37
Construction	23.880	1	233.673	5	19.354	1	175.455	6
Services	810.665	43	1.228.265	28	803.656	47	1.192.551	38
Wholesale and Retail Trade	25.488	1	-	-	830	-	1.331	-
Hotel, Tourism, Food and Beverage Services	17.992	1	205.643	5	24.282	1	179.332	6
Transportation and Communication	27.518	1	488.923	11	50.527	3	360.458	12
Financial Institutions	695.488	38	392.352	9	675.449	40	569.515	17
Real Estate and Renting Services	10.312	1	95.431	2	25.522	1	47.967	2
Self-Employment Services	5.691	-	-	-	9.990	1	-	-
Education Services	25.911	1	5.406	-	14.180	1	3.220	-
Health and Social Services	2.265	-	40.510	1	2.876	-	30.728	1
Other	7.549	-	6.242	-	20.865	1	8.797	-
Total	1.893.502	100	4.501.948	100	1.734.109	100	3.038.809	100

The table below shows the maximum exposure to credit risk for the components of the balance sheet;

Gross Maximum Exposure	Current Period	Prior Period
Cash, Banks	180.597	226.196
Financial Assets at Fair Value Through Profit and Loss	104.224	67.430
Loans, Lease Receivables	6.395.450	4.843.006
Held-to-maturity securities	126.955	304.791
Financial Assets Available for Sale	2.320.506	2.136.552
Total	9.127.732	7.577.975
Derivatives Financials Instruments	72.002	34.629
Contingent Liabilities	637.007	209.912
Non Cash Loans and Commitments	644.609	563.482
Total	1.353.618	808.023
Total Credit Risk Exposure	10.481.350	8.385.998

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

Cash credit quality per class of financial assets as of 31 December 2011 is as follows;

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans			
Corporate Loans	5.375.508	1.176	5.376.684
Loans to SME	985.331	-	985.331
Consumer Loans	182	-	182
Other	4.853	-	4.853
Receivables from Leasing Transactions	28.399	1	28.400
Total	6.394.273	1.177	6.395.450

Cash credit quality per class of financial assets as of 31 December 2010 is as follows;

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans			
Corporate Loans	3.358.844	50.629	3.409.473
Loans to SME	1.335.949	6.631	1.342.580
Consumer Loans	281	-	281
Other	20.584	-	20.584
Receivables from Leasing Transactions	69.998	90	70.088
Total	4.785.656	57.350	4.843.006

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

Basic Loan Quality Categories	Current Period	Prior Period
Top Grade	362.285	528.085
High Grade	2.590.880	2.439.498
Average Grade	3.867.001	2.282.012
• Below Average Grade	803.916	618.810
Impaired	20.330	20.166
Total	7.644.412	5.888.571

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

As of the reporting date, the total of the Bank's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TL 7.690.102; and TL 45.690 of these customers have not been rated (31 December 2010: TL 5.962.433; TL 73.862).

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	177.160	213.875
Corporate Loans	56.458	76.538
Loans to SMEs	115.721	129.616
Consumer Loans	-	-
Other	4.981	7.721
Total	177.160	213.875

III. 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.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. Explanations Related to Market Risk (continued)

a) Information related to the market risk

The market risk table is as follows:

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	26.774
Resulting from Financial Instruments related to Interest Income	24.316
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.458
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	13.041
Resulting from Financial Instruments related to Interest Income	10.583
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.458
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	3.530
Capital Requirement	3.530
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	-
(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)	43.345
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	541.813

b) Average market risk table as of the month ends during the period is as follows:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	428.914	486.738	364.875	401.478	514.350	311.738
Common Stock Risk	85.519	104.500	61.450	100.072	143.675	55.263
Currency Risk	62.241	84.313	40.263	64.566	108.650	32.050
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	210	513	-	196	538	-
Total Value At Risk	576.884	676.064	466.588	566.312	767.213	399.051

Risk information given above includes the period between January – December of the related years, and represents the amounts calculated under the “Regulation on Measurement and Assessment of the Capital Adequacy of Banks” published on 1 November 2006.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. Explanations Related to Market Risk: (continued)

Other price risks

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

Equity Price Sensitivity

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

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

- The Bank classify its equity investments both as held for trading and available for sale investments. Therefore, the net profit/loss is not affected as long as the Bank does not sell its equity investments classified as available for sale investments.
- Marketable securities value increase fund under the shareholders' equity would decrease/increase by TL 2.834 (2010: decrease/increase by TL 4.727); No share certificates classified as financial assets held for trading (2010: TL 28).

IV. Explanations Related to Operational Risk

The Bank uses "Basic Indicator Method" in its operational risk calculation. The base amount for operational risk is measured by Bank's gross profit according to the 4th section of the "Measurement of the Base Amount of Operational Risk" being effective on 1 June 2007, of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" issued on the Official Gazette dated 1 November 2006 numbered 26233.

The Bank calculated the value at operational risk in accordance with the "Computation of Value of Operational Risk" of the circular, "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated 1 November 2006, using gross profit of the last three years 2010, 2009 and 2008. The amount calculated as TL 42.658,88 as at 31 December 2011 represents the operational risk that the Bank may be exposed to and the amount of minimum capital requirement to eliminate this risk. Amount of operational risk considered TL 533.236 in the computation of capital adequacy ratio is 12,5 times of operational risk.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

V. Explanations Related to Currency Risk

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

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

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

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

	1 US Dollar	1 Euro	Yen
A. Bank "Foreign Exchange Valuation Rate"			
31 December 2011	1,8850	2,4411	0,0243
Prior Five Workdays:			
30 December 2011	1,8850	2,4411	0,0243
29 December 2011	1,9000	2,4565	0,0244
28 December 2011	1,8780	2,4532	0,0241
27 December 2011	1,8750	2,4506	0,0241
26 December 2011	1,8780	2,4514	0,0241

Simple arithmetic thirty-day averages of the US Dollar, Euro and Yen buying rates of the Bank before the reporting date are TL 1,8468, TL 2,4335 and TL 0,0237; respectively.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

V. Explanations Related to Currency Risk (continued)

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

	Euro	US Dollar	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.	82.567	33.077	-	8	115.652
Banks	6.235	44.613	184	1.771	52.803
Financial Assets at Fair Value Through Profit and Loss (*)	15.457	10.570	-	-	26.027
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	38.501	532.542	-	-	571.043
Loans (**)	2.817.623	3.431.778	215	-	6.249.616
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 (***)	26.827	43.212	-	3	70.042
Total Assets	2.987.210	4.095.792	399	1.784	7.085.185
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	41.637	136.028	-	297	177.962
Funds Provided From Other Financial Institutions	3.157.465	3.693.055	-	-	6.850.520
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	4.440	12.942	-	9	17.391
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	16.126	18.164	-	340	34.630
Total Liabilities	3.219.668	3.860.189	-	646	7.080.503
Net Balance Sheet Position	(232.458)	235.603	399	1.138	4.682
Net Off-Balance Sheet Position	225.591	(210.299)	(321)	-	14.971
Financial Derivative Assets	747.673	346.297	568	2.386	1.096.924
Financial Derivative Liabilities	(522.082)	(556.596)	(889)	(2.386)	(1.081.953)
Non-Cash Loans (*****)	255.130	715.394	-	-	970.524
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 6.624 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(**) Loans extended include TL 1.776.068 foreign currency indexed loans.

(***) Prepaid expenses amounting to TL 9.243 have not been included in other assets.

(****) Marketable securities valuation increase fund amounting to TL 20.006 and exchange rate differences arising from derivative transactions amounting to TL 10.211 has not been included in "Other Liabilities. Borrower funds amounting to TL 6.335 are included in "Other Liabilities" on the basis of related foreign currencies.

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

V. Explanations Related to Currency Risk (continued)

Currency Risk Sensitivity

The Bank is mostly exposed to Euro, US Dollar and Yen currency risks.

The following table details the Bank's sensitivity to a 10% increase and decrease in the TL against, US Dollar, Euro and Yen.

	Increase in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity (**)	
		Current Period	Prior Period	Current Period	Prior Period
	%				
US Dollar	10	532	708	1.998	2.993
Euro	10	(690)	(1.464)	3	226
Yen	10	8	(43)	-	-
Other	10	114	36	-	-

	Decrease in Currency Rate	Effect on Profit / Loss (*)		Effect on Equity (**)	
		Current Period	Prior Period	Current Period	Prior Period
	%				
US Dollar	10	(532)	(708)	(1.998)	(2.993)
Euro	10	690	1.464	(3)	(226)
Yen	10	(8)	43	-	-
Other	10	(114)	(36)	-	-

(*) Values expressed are before the tax effect.

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

Forward foreign exchange contracts

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

VI. Explanations Related to Interest Rate Risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank. General and specific interest rate risk tables in the standard method, by including assets and liabilities, are taken into account in determination of 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 takes the advantage of being 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 on 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 due to fluctuations in interest rates or liquidity difficulties and top management, Board of Directors and Audit Committee are informed continuously.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations Related to Interest Rate Risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	121.042	121.042
Banks	11.486	-	-	-	-	48.069	59.555
Financial Assets at Fair Value Through Profit and Loss	3.741	12.285	39.620	46.389	1.617	572	104.224
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	772.132	497.600	304.502	429.135	286.982	30.155	2.320.506
Loans	1.387.063	2.389.602	2.155.005	366.888	68.492	-	6.367.050
Held-to-Maturity Investments	-	126.955	-	-	-	-	126.955
Other Assets	3.932	16.781	6.549	1.138	-	328.169	356.569
Total Assets	2.178.354	3.043.223	2.505.676	843.550	357.091	528.007	9.455.901
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	940.668	6.028	1.058	-	-	-	947.754
Sundry Creditors	-	-	-	-	-	90.156	90.156
Marketable Securities Issued	-	2	-	-	-	-	2
Funds Provided from Other Financial Institutions	2.369.459	2.852.263	1.387.698	36.657	228.206	-	6.874.283
Other Liabilities	16.493	11.490	12.480	6.323	6.084	1.490.836	1.543.706
Total Liabilities	3.326.620	2.869.783	1.401.236	42.980	234.290	1.580.992	9.455.901
Balance Sheet Long Position	-	173.440	1.104.440	800.570	122.801	-	2.201.251
Balance Sheet Short Position	(1.148.266)	-	-	-	-	(1.052.985)	(2.201.251)
Off-Balance Sheet Long Position	-	-	389.766	-	117.601	-	507.367
Off-Balance Sheet Short Position (**)	(120.276)	(224.607)	-	(158.060)	-	-	(502.943)
Total Position	(1.268.542)	(51.167)	1.494.206	642.510	240.402	(1.052.985)	4.424

(*) 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.

(**) Finance lease receivables amounting to TL 28.400 are presented in "Other Assets", on the basis of related maturities.

(***) Borrower funds amounting to TL 7.894 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	0,21	-	12,00
Financial Assets at Fair Value through Profit and Loss	-	-	-	8,26
Money Market Placements		-	-	-
Available-for-Sale Financial Assets	6,03	5,79	-	9,09
Loans	4,74	4,00	4,96	13,07
Held-to-Maturity Investments	-	-	-	35,10
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,02	1,78	-	6,08
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	1,00	1,00	-	6,50
Funds Provided from Other Financial Institutions	1,97	0,88	-	10,30

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations Related to Interest Rate Risk (continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	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.

(**) Finance lease receivables amounting to TL 70.088 are presented in "Other Assets", on the basis of related maturities.

(***) TL 1.573.170 of this amount is interest rate futures – buy with maturities between 1-5 years and which are shown at nominal value. This balance is showed under "Up to 1 month" column since these transactions are under daily interest exposure.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. Explanations Related to Interest Rate Risk (continued)

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

	Euro	US Dollar	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
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	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-
	1,44	1,03	-	7,00

Interest rate sensitivity

The fluctuations in interest rates are controlled with interest rate risk tables, gap analysis, scenario analysis and stress tests, its effect on 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 due to fluctuations in interest rates or liquidity difficulties and top management, Board of Directors and Audit Committee are informed continuously.

The Bank's interest rate sensitivity is calculated according to the market risk related to assets and liabilities. In this context, at the reporting date, if interest rates had been 1 bp higher for TL and foreign currencies and all other variables were held constant, the net decrease on the profit and shareholders' equity would have been TL (39.897) and if interest rates had been 1 bp lower for TL and foreign currencies, the net increase on the profit and shareholders' equity change would have been TL 39.887.

The nominal and market value of the Bank's current period's portfolio available for sale is 14% and 9% higher, respectively, than those in the previous period. In addition to this, foreign exchange assets in the Bank's portfolio are 25% of the portfolio in the current period while this ratio was 22% in the prior period in terms of fair value.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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

The Bank meets its short-term liquidity requirements 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.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. For the purposes of monitoring and assessing the liquidity position of the Bank's assets and liabilities, the liquidity rate is weekly calculated. The ratio during the year was as follows:

	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
Current Period	FC	FC + TL	FC	FC + TL
Average (%)	146,75	168,10	137,27	157,67
Maximum (%)	210,21	249,04	178,81	179,65
Minimum (%)	101,33	139,09	109,42	137,36

	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
Prior Period	FC	FC + TL	FC	FC + TL
Average (%)	186,60	176,10	177,47	173,37
Maximum (%)	295,99	237,57	265,54	216,79
Minimum (%)	110,07	139,43	118,41	124,49

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. 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 Years and Over	Undistributed(*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	8.133	79.920	-	-	32.989	-	-	121.042
Banks	48.069	11.486	-	-	-	-	-	59.555
Financial Assets at Fair Value Through Profit and Loss	572	3.736	12.285	31.440	46.395	9.796	-	104.224
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	61.371	11.730	219.187	1.331.017	667.046	30.155	2.320.506
Loans	-	258.826	182.559	885.866	3.723.108	1.316.691	-	6.367.050
Held-to-Maturity Investments	-	-	126.955	-	-	-	-	126.955
Other Assets	-	478	5.093	13.040	9.789	-	328.169	356.569
Total Assets	56.774	415.817	338.622	1.149.533	5.143.298	1.993.533	358.324	9.455.901
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	381.411	117.501	555.781	2.451.145	3.368.445	-	6.874.283
Money Market Borrowings	-	940.668	6.028	1.058	-	-	-	947.754
Marketable Securities Issued	-	-	2	-	-	-	-	2
Sundry Creditors	-	-	-	-	-	-	90.156	90.156
Other Liabilities	-	16.493	11.490	12.480	6.323	6.084	1.490.836	1.543.706
Total Liabilities	-	1.338.572	135.021	569.319	2.457.468	3.374.529	1.580.992	9.455.901
Liquidity Gap	56.774	(922.755)	203.601	580.214	2.685.830	(1.380.996)	(1.222.668)	-
Prior Period								
Total Assets	23.677	379.249	470.432	1.217.041	4.088.199	1.355.549	377.951	7.912.09
Total Liabilities	-	1.420.479	241.263	466.811	1.777.985	2.561.627	1.443.933	7.912.09
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.

(**) Finance lease receivables amounting to TL 28.400 are presented in "Other Assets", on the basis of related maturities.

(***) Borrower funds amounting to TL 7.894 are presented in "Other Liabilities" within 1-month maturity column.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanations Related to Liquidity Risk (continued)

Analysis of financial liabilities by remaining contractual maturities;

In compliance with the Turkish Financial Reporting Standard No.7, the following table indicates the maturities of the Bank's major financial liabilities which are not qualified as derivatives. The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank's financial liabilities as per their earliest likely contractual maturities.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	283.801	131.635	619.461	2.727.215	3.583.186	(471.015)	6.874.283
Money Market Borrowings	941.126	7.192	1.060	-	-	(1.624)	947.754
Funds	7.894	-	-	-	-	-	7.894
Total	1.232.821	138.827	620.521	2.727.215	3.583.186	(472.639)	7.829.931

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	186.495	91.845	234.504	2.152.598	2.687.832	(277.481)	5.075.793
Money Market Borrowings	1.179.740	8.244	7.685	-	-	(9.605)	1.186.064
Marketable Securities Issued (Net)	-	151.649	48.336	-	-	(4.031)	195.954
Total	1.366.235	251.738	290.525	2.152.598	2.687.832	(291.117)	6.457.811

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Swap Contract	486.119	123.785	96.597	867.689	484.799	(38.871)	2.020.118
Forward Contract	85.000	126.658	534.851	110.064	-	-	856.573
Futures Transactions	-	-	-	-	-	-	-
Options	407.930	620.790	389.130	49.904	-	-	1.467.754
Other	-	1.865	-	-	-	-	1.865
Total	979.049	873.098	1.020.578	1.027.657	484.799	(38.871)	4.346.310
Prior Period							
Swap Contract	62.476	(2.224)	135.223	438.408	90.452	7.207	731.542
Forward Contract	24.461	-	-	11.555	-	-	36.016
Futures Transactions	-	498.205	1.074.965	-	-	-	1.573.170
Options	127.313	86.321	510.212	72.468	-	-	796.314
Other	-	34.441	-	-	82.539	-	116.980
Total	214.250	616.743	1.720.400	522.431	172.991	7.207	3.254.022

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VIII. Explanations Related To Presentation of Financial Assets and Liabilities at Fair Value:

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	9.006.690	7.513.531	9.059.395	7.547.965
Banks	59.555	161.752	59.555	161.752
Trading financial assets	104.224	67.430	104.224	67.430
Available-For-Sale Financial Assets	2.320.506	2.136.552	2.320.506	2.136.552
Loans (*)	6.395.450	4.843.006	6.442.500	4.852.439
Held-To-Maturity Investments	126.955	304.791	132.610	329.792
Financial Liabilities	7.965.065	6.541.752	7.965.065	6.542.406
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Derivative Financial Liabilities Held For Trading	44.976	10.354	44.976	10.354
Money Market Borrowings	947.754	1.186.064	947.754	1.186.064
Funds Provided From Other Financial Institutions	6.874.283	5.075.793	6.874.283	5.075.793
Marketable Securities Issued	2	195.954	2	196.608
Funds	7.894	-	7.894	-
Sundry Creditors	90.156	73.587	90.156	73.587

(*) Loans include financial lease receivables.

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VIII. Explanations Related To Presentation of Financial Assets and Liabilities by Fair Value: (continued)

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

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

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Current Period	Level I	Level II	Level III
Financial Assets			
Financial Assets held for Trading	59.612	44.612	-
Financial Assets Available For Sale	1.739.878	343.673	236.955
Investments in Associates and Subsidiaries	184.586	-	63.781
Financial Liabilities			
Derivative Financial Liabilities Held for Trading	-	44.976	-

Prior Period	Level I	Level II	Level III
Financial Assets			
Financial Assets held for Trading	56.169	11.261	-
Financial Assets Available For Sale	1.657.832	340.353	138.367
Investments in Associates and Subsidiaries	225.143	-	96.268
Financial Liabilities			
Derivative Financial Liabilities Held for Trading	-	10.354	-

IX. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions:

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations 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	123	157	93	184
Balances with the Central Bank of Turkey	5.267	115.495	4.948	59.219
Other	-	-	-	-
Total	5.390	115.652	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	5.267	2.586	4.948	2.189
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	112.909	-	57.030
Total	5.267	115.495	4.948	59.219

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

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1”, banks operating in Turkey are required to maintain reserves in CBRT in TL for TL liabilities and in USD or Euro for foreign currency liabilities. With the changes made in the “Communiqué Regarding the Reserve Requirements”, up to 40% of the reserve requirement amount for TL liabilities can be held as foreign currency, the reserve requirement amount for precious metal account in foreign currency liabilities can be held as standard gold and up to 10% of the reserve requirement amount for foreign currency liabilities except precious metal accounts can be held as standard gold among CBRT.

The reserve rates for TL liabilities are between 5% and 11% for TL deposits according to their maturities as of 31 December 2011 (31 December 2010: 6% for all TL liabilities). The reserve rates for foreign currency liabilities are between 6% and 11% for all foreign currency liabilities according to their maturities as of 31 December 2011 (31 December 2010: 11% for all foreign currency liabilities).

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

2.a.1 Trading securities

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

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

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (Continued)

2.a Information on financial assets at fair value through profit and loss (continued)

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

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

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

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

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

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

Derivative instruments held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	6.507	6.446	373	-
Swap Transactions	5.454	8.265	1.722	3.798
Futures Transactions	-	-	-	-
Options	-	17.940	352	4.892
Other	-	-	124	-
Total	11.961	32.651	2.571	8.690

3.a Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	6.752	9.622	153.809	1.251
Foreign	-	43.181	-	6.692
Branches and head office abroad	-	-	-	-
Total	6.752	52.803	153.809	7.943

3.b Information on Foreign Banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	6.207	662	-	-
USA and Canada	35.208	4.780	-	-
OECD Countries(*)	1.652	1.200	-	-
Off-shore banking regions	114	50	-	-
Other	-	-	-	-
Total	43.181	6.692	-	-

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	642.410	55.757	861.837	47.296
Treasury bills	-	-	-	-
Other debt securities	-	144.927	-	117.454
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	642.410	200.684	861.837	164.750

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 523.961 (31 December 2010: TL 342.225).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	444.429	79.532	266.543	75.682
Other	-	-	-	-
Total	444.429	79.532	266.543	75.682

4.b Major types of available for sale financial assets

Available for sale financial assets comprise government bonds (72,18%), Eurobonds (13,86%) and shares and other securities (13,96%) (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% are classified in available-for-sale financial assets.

4.c Information on financial assets available for sale portfolio

	Current Period	Prior Period
Debt securities	2.304.272	2.092.006
Quoted on a stock exchange	1.791.047	1.673.839
Unquoted	513.225	418.167
Share certificates	46.129	53.457
Quoted on a stock exchange	21.355	29.433
Unquoted	24.774	24.024
Impairment provision(-)	(29.895)	(12.914)
Other	-	4.003
Total	2.320.506	2.136.552

Net book value of unquoted available for sale stocks are TL 15.984 (31 December 2010: TL 15.234).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations 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	101.924	117.413	98.978	117.413
Corporate shareholders	101.924	117.413	98.978	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	182	-	281	-
Total	102.106	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	6.317.847	-	35.405	13.798
Discount notes	-	-	-	-
Export loans	123.841	-	-	-
Import loans	-	-	-	-
Investment loans	3.874.118	-	24.689	11.928
Loans given to financial sector	819.351	-	-	-
Foreign loans	21.465	-	-	-
Consumer loans	182	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	1.478.890	-	10.716	1.870
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	6.317.847	-	35.405	13.798

(*)The Bank's finance lease receivables are TL 28.400 (31 December 2010: TL 70.088) and TL 3.748 (31 December 2010: TL 15.032) of the finance lease receivables are closed monitored.

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

5. Information on Loans (continued) :

5.c Loans according to their maturity structure:

	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
Short-term loans and other receivables	264.403	-	-	-
Non-specialized loans	264.403	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	6.053.444	-	35.405	13.798
Non-specialized loans	6.053.444	-	35.405	13.798
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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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 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 Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	153	29	182
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	153	29	182
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	153	29	182

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

5. Information on Loans (continued) :

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

The Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (31 December 2010: None).

5.f. Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	6.367.050	4.772.918
Total	6.367.050	4.772.918

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	6.345.585	4.772.569
Foreign loans	21.465	349
Total	6.367.050	4.772.918

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	200.426	227.925
Indirect loans granted to subsidiaries and associates	-	-
Total	200.426	227.925

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	5.313	8.778
Loans and receivables with doubtful collectability	5.978	-
Uncollectible loans and receivables	14.382	16.731
Loans and receivables with limited collectability	25.673	25.509

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

5. Information on Loans (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	5.977	4.576
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	5.977	4.576
Prior Period			
(Gross amounts before provisions)	8.778	-	5.057
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	8.778	-	5.057

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior period end balance	8.778	-	16.731
Additions (+)	6.713	1	265
Transfers from other categories of non-performing Loans (+)	-	8.778	-
Transfers to other categories of non-performing loans (-)	(8.778)	-	-
Collections (-)(*)	(1.400)	(2.801)	(2.614)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	5.313	5.978	14.382
Specific provision (-)	(5.313)	(5.978)	(14.382)
Net Balances on Balance Sheet	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

5. Information on Loans (continued)

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	3.306	5.977	5.392
Specific Provision (-)	(3.306)	(5.977)	(5.392)
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	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	5.313	5.978	9.039
Specific Provision Amount (-)	(5.313)	(5.978)	(9.039)
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)	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

5. Information on Loans (continued) :

5.k Main principles of liquidating loans and receivables

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

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

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

5.l Explanations about the write-off policies from the assets:

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

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

5.m Other explanations and disclosures

Current Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	5,375,508	985,331	182	4.853	6.365.874
Past due not impaired	1.176	-	-	-	1.176
Individually impaired	12.437	13.236	-	-	25.673
Total Gross	5,389,121	998,567	182	4.853	6.392.723
Less: allowance for individually impaired loans	(12.437)	(13.236)	-	-	(25.673)
Total allowance for impairment	(12.437)	(13.236)	-	-	(25.673)
Total Net	5,376,684	985,331	182	4.853	6.367.050

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

5. Information on Loans (continued)

5.m Other explanations and disclosures (continued)

Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	3.358.747	1.336.046	281	20.584	4.715.658
Past due not impaired	50.629	6.631	-	-	57.260
Individually impaired	14.860	10.649	-	-	25.509
Total Gross	3.424.236	1.353.326	281	20.584	4.798.427
Less: allowance for individually impaired loans	(14.860)	(10.649)	-	-	(25.509)
Total allowance for impairment	(14.860)	(10.649)	-	-	(25.509)
Total Net	3.409.376	1.342.677	281	20.584	4.772.918

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

	Corporate	SME	Consumer	Other	Total
At 1 January 2011	(14.860)	(10.649)	-	-	(25.509)
Charge for the year	(177)	(6.802)	-	-	(6.979)
Recoveries	2.600	4.215	-	-	6.815
Amounts written off	-	-	-	-	-
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2011	(12.437)	(13.236)	-	-	(25.673)

	Corporate	SME	Consumer	Other	Total
At 1 January 2010	(19.609)	(2.066)	-	-	(21.675)
Charge for the year	(67)	(8.801)	-	-	(8.868)
Recoveries	4.816	218	-	-	5.034
Amounts written off	-	-	-	-	-
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At 31 December 2010	(14.860)	(10.649)	-	-	(25.509)

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

Current Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(12.437)	(13.236)	-	-	(25.673)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	12.437	13.236	-	-	25.673
Prior Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(14.860)	(10.649)	-	-	(25.509)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	14.860	10.649	-	-	25.509

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. Explanations Related to the Assets (continued)

5. Information on Loans (continued)

5.m Other explanations and disclosures (continued)

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

	Current Period	Prior Period
At 1 January	25.509	21.675
Charge for the year	6.979	8.868
Recoveries	(6.815)	(5.034)
Amounts written off	-	-
Interest accrued on impaired loans and other receivables	-	-
At 31 December	25.673	25.509
Individual impairment	(25.673)	(25.509)
Gross amount of loans, individually determined to be impaired, (before deducting any individually assessed impairment allowance)	25.673	25.509

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

Current Period	Less than 30 days	31- 60 Days	61- 90 Days	More than 91 days	Total
Loans and Receivables					
Institutional Loans	1.176	-	-	-	1.176
SME Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	1	-	-	-	1
Total	1.177	-	-	-	1.177

Prior Period	Less than 30 days	31- 60 Days	61- 90 Days	More than 91 days	Total
Loans and Receivables					
Institutional Loans	50.629	-	-	-	50.629
SME Loans	-	6.631	-	-	6.631
Consumer Loans	-	-	-	-	-
Other	90	-	-	-	90
Total	50.719	6.631	-	-	57.350

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

	Current Period	Prior Period
Residential, commercial and industrial property	-	6.927
Financial assets	1.163	3.491
Other (bailment, pledge for vehicles and ship)	-	39.874
Total	1.163	50.292

Loans and other receivables amounting to TL 5.720.204 have floating interest rates (31 December 2010: TL 4.377.107) and the remaining TL 646.846 have fixed interest rates (31 December 2010: TL 395.811).

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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 reporting date, the Bank has no held-to-maturity investments securities given as collateral or blocked (31 December 2010: TL 202.925).

6.a.2 As of the reporting date, the Bank has TL 124.046 of investment securities held-to-maturity subject to repurchase agreements (31 December 2010: None).

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

As of the reporting date, the Bank has TL 126.955 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	126.955	304.791
Quoted	126.955	304.791
Unquoted	-	-
Impairment Provision (-)	-	-
Total	126.955	304.791

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

	Current Period	Prior Period
Beginning Balance	273.582	273.582
Foreign currency differences on monetary assets	-	-
Purchases during year	-	-
Disposals through sales and redemptions (*)	(177.795)	-
Impairment provision (-)	-	-
Closing Balance	95.787	273.582
Interest and Income Accruals	31.168	31.209
Total	126.955	304.791

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (continued)

7. Information on Associates (net):

7.a.1 Information on associates

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

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
İş Factoring (1)	332.314	52.973	672	38.027	11	8.236	5.361	-
İş Finansal (2)	1.826.246	483.650	1.223	119.257	976	46.030	63.702	110.373
İş Girişim (3)	176.411	172.441	240	-	-	37.995	12.255	16.464
Terme (4)	18.576	3.673	731	306	-	651	674	-
Ege Tarım (5)	8.430	8.032	4.809	378	-	152	-	-

(1)Represents audited 31 December 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 financial statements.

(2) Represents audited 31 December 2011 financial statements. Prior year profit/loss is obtained from audited 31 December 2010 consolidated financial statements. Fair value is presented as of 31 December 2011.

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

(4) Represents un-audited 30 September 2011 financial statements. Prior year profit/loss is obtained from un-audited 31 December 2010 financial statements.

(5) Represents un-audited 31 December 2011 financial statements. Since Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. was established on 4 January 2011 and there are no financial statements for prior period.

7.a.2 Information on associates

	Current Period	Prior Period
Balance at the Beginning of the Period	138.163	101.686
Movements During the Period	(8.684)	36.477
Purchases	800	-
Bonus Shares Obtained	12.566	12.852
Current Year Share of Profit	-	-
Sales	(392)	(7.598)
Revaluation Increase	-	36.723
Provision for Impairment	(21.658)	-
Transfers to subsidiaries (*)	-	(5.500)
Balance at the End of the Period	129.479	138.163
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations Related to the Assets (continued)

7. Information on Associates (net) (continued) :

7.a.2 Information on associates (continued)

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

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

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

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	1.551	1.551
Leasing Companies	110.373	117.953
Financial Service Companies	-	-
Other Associates	17.555	18.659

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	126.837	135.929
Associates quoted on foreign stock exchanges	-	-

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

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

In the prior period, the Board of Directors have authorised the General 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.

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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	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	65,81
4	TSKB Yatırım Ortaklığı A.Ş. (TSKB Y.O.)	Istanbul/Turkey	22,53	58,62
5	TSKB Gayrimenkul Aracılık Hizmetleri A.Ş.	Istanbul/Turkey	96,00	100,00
6	TSKB Gayrimenkul Danışmanlık Hizmetleri A.Ş.	Istanbul/Turkey	1,00	100,00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
TSKB GMD (1)	6.958	5.150	1.445	-	-	1.739	1.362	-
YF MEN.DEĞ. (2)	554.617	65.055	1.302	24.909	1.077	5.918	9.561	-
TSKB GYO (3)	340.564	218.096	309.935	1.639	-	2.838	6.208	53.100
TSKB Y.O. (4)	38.736	38.650	-	85	982	(3.527)	5.633	4.649
TG A.Ş (5)	933	781	45	-	-	449	93	-
TGD A.Ş (6)	424	351	31	-	-	32	79	-

- (1) Represents un-audited 31 December 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.
- (2) Represents audited 31 December 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.
- (3) Represents audited 31 December 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements. Fair value is presented as of 31 December 2011.
- (4) Represents audited 31 December 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements. Fair value is presented as of 31 December 2011.
- (5) Represents un-audited 31 December 2011 financial statements. Prior year profit/loss is obtained from 31 December 2010 financial statements.
- (6) Represents un-audited 31 December 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	(23.803)	152
Purchases	-	234
Bonus shares obtained	7.662	6.705
Current year share of profit	-	-
Sales	-	(7.500)
Revaluation increase	-	-
Provision for impairment	(31.465)	(4.787)
Transfer from associates (*)	-	5.500
Balance at the end of the period	118.888	142.691
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations 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	118.888	142.691

8.a.4 Subsidiaries quoted on stock market

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	57.749	89.214
Subsidiaries quoted on foreign stock exchanges	-	-

In the current period, the Bank has obtained bonus shares through capital increase of TL 8.000 of Yatırım Finansman Menkul Değerler A.Ş. amounting to TL 7.662.

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

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 Board of Directors meeting of the subsidiary of the Bank, TSKB Yatırım Ortaklığı Anonim Şirketi, held on 14 December 2011 numbered 230, it was decided to merge with İş Yatırım Ortaklığı Anonim Şirketi registered on Istanbul Trade Register Office with registration numbered 367835, within the Turkish Commercial Code 451 and 19 and 20th clauses of Corporate Tax Law numbered 5520. Management of TSKB Yatırım Ortaklığı A.Ş. is authorized for all the required issues.

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 Joint Control:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations 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	726	711	27.040	26.768
Between 1- 4 years	28.851	27.689	45.304	43.320
More than 4 years	-	-	-	-
Total	29.577	28.400	72.344	70.088

10.b The information on net investments in finance leases

	Current Period	Prior Period
Gross investments in finance leases	29.577	72.344
Unearned revenue from finance leases (-)	(1.177)	(2.256)
Cancelled finance leases (-)	-	-
Net investments in finance leases	28.400	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 Finance Leasing Law No. 3226. There are no restructuring or restrictions; which has material effect on financial statements.

11. Information on Derivative Financial Assets for Hedging Purposes:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. Explanations Related to the Assets (continued)

12. Information on Tangible Assets (net):

Current Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and buildings (*)	7.522	55	-	-	7.577
Assets held under finance leases	2.344	-	-	-	2.344
Vehicles	1.153	-	-	-	1.153
Assets held for resale	17.222	363	(16.145)	-	1.440
Other	7.162	816	-	-	7.978
Total Cost	35.403	1.234	(16.145)	-	20.492
Accumulated depreciation					
Land and buildings (*)	(1.699)	(146)	-	(359)	(2.204)
Assets held under finance leases	(2.052)	(321)	-	359	(2.014)
Vehicles	(453)	(199)	-	-	(652)
Assets held for resale	(6.155)	(588)	6.738	-	(5)
Other	(5.506)	(663)	-	-	(6.169)
Total accumulated depreciation	(15.865)	(1.917)	6.738	-	(11.044)
Impairment provision					
Land and buildings (*)	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(3.556)	(50)	3.169	-	(437)
Other	-	-	-	-	-
Total impairment provision	(3.556)	(50)	3.169	-	(437)
Net book value	15.982	(733)	(6.238)	-	9.011

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

Prior Period	Prior Period End	Current Period Additions	Current Period Disposals	Transfer	Current Period End
Cost					
Land and Building (*)	8.358	-	-	(836)	7.522
Assets held under finance leases	2.362	-	(18)	-	2.344
Vehicles	826	402	(75)	-	1.153
Assets held for resale	22.614	-	(5.392)	-	17.222
Other	5.722	631	(27)	836	7.162
Total Cost	39.882	1.033	(5.512)	-	35.403
Accumulated depreciation					
Land and Building (*)	(2.242)	(143)	-	686	(1.699)
Assets held under finance leases	(1.656)	(396)	-	-	(2.052)
Vehicles	(338)	(189)	74	-	(453)
Assets held for resale	(5.355)	(1.162)	362	-	(6.155)
Other	(4.307)	(513)	-	(686)	(5.506)
Total accumulated depreciation	(13.898)	(2.403)	436	-	(15.865)
Impairment provision					
Land and buildings (*)	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	(3.761)	(40)	245	-	(3.556)
Other	-	-	-	-	-
Total impairment provision	(3.761)	(40)	245	-	(3.556)
Net book value	22.223	(1.410)	(4.831)	-	15.982

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. Explanations Related to the Assets (continued) :

12. Information on Tangible Assets (net) (continued) :

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

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

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

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

In the current period, Bank recorded TL 50 impairment and TL 3.169 impairments reversed (31 December 2010: TL 40; TL 245 impairments reversed).

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

There is no impairment provision on individual asset set or cancelled in the current period, other than impairment on properties referred to above (31 December 2010: None).

13. Information on Intangible Assets (Net)

13.a Useful lives and amortization rates used

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

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

13.b Amortization methods used

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. Explanations Related to the Assets (continued)

13 Information on Intangible Assets (net) (continued)

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

Current Period	Beginning of Period		End of Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	2.950	(2.536)	3.299	(2.847)

Prior Period	Beginning of Period		End of Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	2.776	(2.258)	2.950	(2.536)

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

Current Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	2.950	349	-	3.299
Total Cost	2.950	349	-	3.299
Accumulated amortization:				
Software	(2.536)	(311)	-	(2.847)
Total Accumulated Amortization	(2.536)	(311)	-	(2.847)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	414	38	-	452

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	2.776	174	-	2.950
Total Cost	2.776	174	-	2.950
Accumulated amortization:				
Software	(2.258)	(278)	-	(2.536)
Total Accumulated Amortization	(2.258)	(278)	-	(2.536)
Impairment provision:				
Software	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	518	(104)	-	414

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. Explanations Related to the Assets (continued)

13 Information on Intangible Assets (net) (continued)

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

As at the reporting date, the Bank has no individual intangible asset which is material in the financial statements as a whole (31 December 2010: None).

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

As at the reporting date, the Bank has no intangible assets acquired through government grants (31 December 2010: None).

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

As at the reporting date, the Bank has no intangible assets acquired with government incentives. (31 December 2010: None).

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

As at the reporting date, there are no intangible assets with restricted use or pledged (31 December 2010: None).

13.i Amount of purchase commitments for intangible assets

As at the reporting date, the Bank has no purchase commitments for intangible assets (31 December 2010: None).

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

The Bank did not revalue its intangible assets as at the reporting date (31 December 2010: None).

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

The Bank has no research and development costs expensed in the current period. (31 December 2010: None).

13.l Information on positive or negative goodwill

As at the reporting date, the Bank has no goodwill (31 December 2010: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. Explanations Related to the Assets (continued) :

13 Information on Intangible Assets (net) (continued)

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

As at the reporting date, the Bank has no goodwill in the accompanying financial statements (31 December 2010: None).

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

As at the reporting date, the Bank has no negative goodwill in the accompanying financial statements (31 December 2010: None).

14. Information on Investment Property:

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

15. Information on Deferred Tax Assets

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

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

Deferred tax asset:	Current Period	Prior Period
Loan commissions accrual adjustment	12.090	9.081
Other provisions	8.062	8.368
Marketable securities	1.131	5.011
Employee benefit provision	758	687
Useful life difference of fixed assets	-	998
Other	1.285	188
Total Deferred Tax Asset	23.326	24.333
Deferred tax liability:		
Marketable securities	(4.902)	(6.445)
Loan commissions accrual adjustment	(1.832)	(887)
Valuation of derivative instruments	(1.684)	(203)
Useful life difference of fixed assets	(768)	-
Total Deferred Tax Liability	(9.186)	(7.535)
Net Deferred Tax Asset	14.140	16.798

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

The Bank has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods (31 December 2010: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. Explanations Related to the Assets (continued) :

15. Information on Deferred Tax Assets (continued)

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

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

16. Information on Assets Held For Sale

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

17. Information about Other Assets:

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

Other assets are not exceeding 10% of total assets, excluding off-balance sheet commitments (31 December 2010: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations 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	6.119	5.038	200	-
Swap Transactions	351	15.528	2.128	2.694
Futures Transactions	-	-	-	-
Options	-	17.940	352	4.900
Other	-	-	80	-
Total	6.470	38.506	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
From Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	10.006	226.584	10.002	149.862
From Foreign Banks, Institutions and Funds	13.757	6.528.936	-	4.837.982
Total	23.763	6.755.520	10.002	4.987.844

3.b Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	23.763	533.785	10.002	390.128
Medium and long-term	-	6.221.735	-	4.597.716
Total	23.763	6.755.520	10.002	4.987.844

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations Related to the Liabilities (continued)

4. Information relating to funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	769.607	61.654	1.041.044	62.963
Financial Institutions and organizations	736.039	-	990.378	-
Other Institutions and organizations	18.090	52.161	18.953	43.787
Real persons	15.478	9.493	31.713	19.176
From Foreign Transactions	185	116.308	2.721	79.336
Financial Institutions and organizations	19	115.309	6	78.298
Other Institutions and organizations	-	-	47	359
Real persons	166	999	2.668	679
Total	769.792	177.962	1.043.765	142.299

5. 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).

6. Explanations on Financial Lease Obligations (Net):

6.a The general explanations on criteria used in determining instalments 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 associate; İş Finansal Kiralama A.Ş., and Vakıf Finansal Kiralama A.Ş. The lease agreements are paid in equal instalments. There are no issues in these transactions bringing important liabilities to the Bank.

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

There are no changes in financial leasing contracts.

6.c Explanations on finance lease payables

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

6.d Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings and 2 branches are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2010: 2 head office buildings, 2 branches under operational leasing).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations Related to the Liabilities (continued)

6. Explanations on Financial Lease Obligations (net) (continued)

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

The Bank has no sale and lease back transactions as of the reporting date (31 December 2010: None).

7. Information on Derivative Financial Liabilities for Hedging Purposes

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

8. Information on Provisions

8.a Information on general provisions

	Current Period	Prior Period
General Provisions	64.564	45.084
Provisions for First Group Loans and Receivables	57.306	36.659
Provisions for Second Group Loans and Receivables	994	1.761
Provisions for non-Cash Loans	2.220	1.870
Other	4.044	4.794

8.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 1.199 (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.

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

The Bank has TL 4 of specific provisions provided for unindemnified non cash loans as of the reporting date (31 December 2010: TL 4).

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

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

As of 31 December 2011, TL 7.243 reserve for employee termination benefits was provided against a total undiscounted liability of TL 3.336 (31 December 2010: TL 2.907). The ratio of provision of this benefit to undiscounted total liability is 46,06%.

As of 31 December 2011, the Bank provided a reserve of TL 456 (31 December 2010: TL 529) for the unused vacations. This balance is classified under reserve for employee benefits in the financial statements.

8.d.1. Movement employee termination benefits

	Current Period	Prior Period
As at 1 January	2.907	2.516
Payments during the period	(505)	(409)
Arising during the period	934	800
Total	3.336	2.907

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations Related to the Liabilities (continued)

8. Information on Provisions (continued) :

8.e Information related to other provisions:

8.e.1 Provision for possible losses:

	Current Period	Prior Period
Provision for possible loan losses	-	-

8.e.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 (*)	40.308	41.840
Total	40.308	41.840

(*) Other provision account includes TL 40.000 of provision for possible risks on credit portfolio in the future period (31 December 2010: TL 41.808).

8.f. Liabilities on pension rights

As of 31 December 2011, as explained on the Section Three, Accounting Policies, XIV. Explanations on Liabilities Regarding Employee Benefits, the Bank has no obligations on pension rights (31 December 2010: None).

8.f.1. Liabilities for pension funds established in accordance with “Social Security Institution”:

None (31 December 2010: None).

8.f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees:

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2011 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per February 2012 dated actuarial report, the liabilities, subject to the transfer to the Social Security Institution, are financed by the assets of the Pension Fund.

Accordingly, as of 31 December 2011, the Bank has no liability for the Pension Fund liabilities, subject to the transfer and also for other social rights, payments, and medical benefits of the employees explained in trust indenture which are not subject to the transfer, in accordance with the articles of the Law as explained under accounting policies, Note 3.15 “Explanations on Liabilities Regarding Employee Benefits”.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations Related to the Liabilities (continued)

9. 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 US Dollar 50 Million (TL 94.250). The interest expense accrual of this borrowing is TL 750 as of the reporting date.

The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the reporting date it is 3,84% (0,59+3,25 spread). Principal repayment of the loan will be on 15 October 2016 as a whole.

9.a Information about subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	95.000	-	77.947
Total	-	95.000	-	77.947

10. Information on Taxes Payable:

Corporate Taxes and Deferred Taxes	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate tax payable (*)	13.583	-	12.588	-
Deferred tax liability	-	-	-	-
Total	13.583	-	12.588	-

(*) In the current period, Corporate Tax Provision is TL 49.201 and netted off from Prepaid Tax of TL 35.618 (31 December 2010: Corporate Tax Provision is TL 51.821 and netted off from Prepaid Tax of TL 39.233).

10.a Information on deferred taxes liabilities:

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

10.a.1 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	13.583	12.588
Taxation of securities	927	445
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	912	552
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	80	79
Other	860	2.048
Total	16.362	15.712

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations Related to the Liabilities (continued)

10. Information on Taxes Payable (continued) :

10.a.2 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	17	15
Unemployment insurance-Employer	34	31
Other	-	-
Total	51	46

11. Information on Liabilities Regarding Assets Held for Sale:

None (31 December 2010: None).

12. Information on Shareholders' Equity:

12.a Presentation of paid-in capital

	Current Period	Prior Period
Common stock	800.000	700.000
Preferred stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	800.000	1.000.000

It is accepted to increase the Bank's registered capital from TL 1.000.000 to TL 2.500.000 and in this context it is accepted to change the 5th clause of the Bank's main agreement. According to Banking Regulation and Supervision Agency's article dated 19 January 2012, numbered 1468 and in accordance with Capital Market Law's 11th article numbered 2499, the registered capital increase request of the Bank is approved by Capital Markets Board of Turkey, the process is continuing.

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

In the current period, the Bank's share capital has increased by TL 100.000. In the meeting of the General Assembly held on 25 March 2011; it has been resolved that, paid-in capital of the Bank will be increased from TL 700.000 to TL 800.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 100.000 of this increase will be incorporated from the profit of the year 2010. The increase in paid-in capital was approved by the BRSA on 12 May 2011 and has been published in the Turkish Trade Registry Gazette No: 7824 on 27 May 2011.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations Related to the Liabilities (continued)

12. Information on Shareholders' Equity (continued) :

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

12.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).

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

The Bank has no capital commitments for its associates in the last fiscal year and at the end of the following period (31 December 2010: TL 675).

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

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

12.g Information on preferred shares:

The Bank has no preferred shares (31 December 2010: None).

12.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	(17.070)	-	36.053	-
Valuation Differences	(10.233)	20.006	31.075	32.187
Foreign Exchange Difference	-	-	-	-
Total	(27.303)	20.006	67.128	32.187

13. Informations on Legal Reserves:

	Current Period	Prior Period
First legal reserve	47.510	36.928
Second legal reserve	47.851	36.631
Other legal reserves appropriated in accordance with special legislation	-	-
Total	95.361	73.559

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations Related to the Liabilities (continued)

14. Informations on Extraordinary Reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	140.375	108.328
Retained earnings	2.920	2.920
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	143.295	111.248

15. Explanations related to equity:

Movement of Equity Reserves during the period:

	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As at 1 January	63.262	36.053	31.174	374	130.863
Value increase of available for sale investments recognized directly under equity	(62.240)	(53.123)	-	-	(115.363)
Profit on disposal of available for sale investments recycled to income statement from equity	(1.770)	-	-	-	(1.770)
Tax effect of gains on available for sale investments	10.521	-	-	-	10.521
Other	-	-	-	-	-
As at 31 December	9.773	(17.070)	31.174	374	24.251

In the prior period, according to the Turkish Corporate Tax Code, 75% of gains is exempt from corporate income tax if such immovable property has been held for at least 2 years; the consideration for the sale is received within 2 years from the sale; and gains are kept in a special fund account in equity for five years following the year of sale and not transferred within the specified period to another account, with the exception of share capital. The exemption is applied in the year that the sale takes place. Accordingly 75% of the gain on sale of the building amounting to TL 3.727 in the tax purpose financial statements amounting TL 2.796. The Bank has transferred such gains to the related equity account.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations Related to the Off-Balance Sheet Items

1. Information on Off-Balance Sheet Liabilities:

1.a Nature and amount of irrevocable loan commitments

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

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

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

As at the reporting date, total letters of credit are TL 555.929 (31 December 2010: TL 259.695).

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

As at the reporting date, total letters of guarantee is TL 689.477 (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	1.268.979	1.093.918
Total	1.268.979	1.093.918

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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	-	-	-	-	-	-	10.728	1
Farming and stockbreeding	-	-	-	-	-	-	10.728	1
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	151.208	51	948.748	97	178.606	51	660.506	89
Mining	-	-	-	-	1.174	1	-	-
Manufacturing Industry	4.391	1	272.765	28	1.082	-	103.193	14
Electricity, Gas, Water	146.817	50	675.983	69	176.350	50	557.313	75
Construction	4.785	2	4.882	1	19.183	5	27.493	4
Services	138.454	46	16.894	2	153.085	44	44.310	6
Wholesale and Retail Trade	-	-	-	-	-	-	29.263	4
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	-	-
Financial Institutions	138.131	46	16.400	2	148.907	43	14.648	2
Real Asset and Leasing Services	323	-	494	-	178	-	399	-
Self-employment Services	-	-	-	-	4.000	1	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	4.008	1	-	-	7	-	-	-
Total	298.455	100	970.524	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	298.455	970.524	350.841	743.037	-	-	40	-
Letters of Guarantee	278.215	411.262	319.826	481.459	-	-	40	-
Bank Acceptances	-	3.333	-	-	-	-	-	-
Letters of Credit	-	555.929	-	259.695	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	20.240	-	31.015	1.883	-	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
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III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (continued)

2. Information related to derivative financial instruments:

	Current Period	Prior Period
Foreign currency related derivative transactions (I)	2.917.621	1.025.610
Forward transactions	856.573	36.016
Swap transactions	643.202	249.944
Futures transactions	-	-
Option transactions	1.417.846	739.650
Interest related derivative transactions (II)	1.426.824	2.111.432
Interest rate swap transactions	1.376.916	481.598
Interest option transactions	49.908	56.664
Futures interest transactions	-	1.573.170
Other trading derivative transactions (III)	1.865	116.980
A. Total trading derivative transactions (I+II+III)	4.346.310	3.254.022
Types of hedging transactions	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	4.346.310	3.254.022

As of 31 December 2011, the breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Current Period										
TL	88.151	83.959	18.415	32.480	322.425	322.425	-	-	236	696
US Dollar	145.624	118.943	388.352	633.838	124.239	124.239	-	-	682	251
Euro	195.403	224.493	604.058	341.518	284.827	284.827	-	-	-	-
Other	-	-	568	889	2.386	2.386	-	-	-	-
Total	429.178	427.395	1.011.393	1.008.725	733.877	733.877	-	-	918	947

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Prior Period										
TL	5.767	12.058	33.838	75.657	139.602	119.962	-	-	17.241	17.200
US Dollar	-	-	186.783	135.099	136.823	137.521	-	-	-	-
Euro	12.403	5.788	147.657	148.897	115.221	129.691	-	1.573.170	41.269	41.270
Other	-	-	-	3.611	8.747	8.747	-	-	-	-
Total	18.170	17.846	368.278	363.264	400.393	395.921	-	1.573.170	58.510	58.470

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

2. Information related to derivative financial instruments: (continued)

Derivative Financial Liabilities Held For Trading	Current Period			Prior Period		
	Fair value assets	Fair value liabilities	Notional amount in Turkish Lira equivalent	Fair value assets	Fair value liabilities	Notional amount in Turkish Lira equivalent
Swap Transactions	5.633	(5.605)	643.202	1.861	(2.251)	249.944
Interest Rate Swap Transactions	8.086	(10.274)	1.376.916	3.659	(2.571)	481.598
Forward Transactions	12.953	(11.157)	856.573	373	(200)	36.016
Futures Transactions	-	-	-	-	-	1.573.170
Option Transactions	17.940	(17.940)	1.467.754	4.892	(4.899)	796.314
Other	-	-	1.865	476	(433)	116.980
Total	44.612	(44.976)	4.346.310	11.261	(10.354)	3.254.022

Fair value hedge

For the year ended 31 December 2011, the Bank does not have any items to hedge financial risks (31 December 2010: None).

Cash Flow Hedge

For the year ended 31 December 2011, the Bank does not have any items related to cash flow hedges (31 December 2010: None).

3. Explanations on Contingent Liabilities and Assets:

There are 10 legal cases against the Bank which are amounting to TL 377 as of the balance date (31 December 2010: TL 257 and 8 legal cases).

4. Custodian and intermediary services:

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(continued)

IV. Explanations Related to the Income Statement

1 Information on interest income

1.a Information on interest on loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	12.616	4.619	8.865	3.269
Medium and long term loans	81.376	185.584	68.042	107.730
Interest on non-performing loans	6.352	1.851	6.732	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	100.344	192.054	83.639	110.999

(*)Commission income from loans have been included in 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	8.000	42	7.331	98
Foreign banks	-	49	7	86
Branches and head office abroad	-	-	-	-
Total	8.000	91	7.338	184

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	4.572	1	4.082	348
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	137.219	28.999	156.205	30.556
Investments Held to Maturity	35.817	-	35.398	-
Total	177.608	29.000	195.685	30.904

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	8.668	10.939

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations Related to the Income Statement (Continued)

2 Information on interest expenses

2.a Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	873	6.834	638	4.722
The Central Bank of Turkey	421	-	72	-
Domestic banks	433	575	528	336
Foreign banks	19	6.259	38	4.386
Branches and head office abroad	-	-	-	-
Other financial institutions	-	72.226	-	44.460
Total(*)	873	79.060	638	49.182

(*)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.

2.c Information on interest expense to securities issued

Interest expense from securities issued is TL 4.033 (31 December 2010: 5.722).

3. Information on dividend income

	Current Period	Prior Period
Trading securities	228	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	2.566	1.285
Other	23.035	21.398
Total	25.829	22.683

4. Information on Net Trading Income (Net)

	Current Period	Prior Period
Profit	611.792	331.697
Gains on capital market operations	6.269	6.851
On derivative financial instruments(*)	168.323	99.690
Foreign exchange gains	437.200	225.156
Losses (-)	(622.743)	(335.494)
Losses on capital market operations	(8.760)	(10.176)
On derivative financial instruments(*)	(195.205)	(97.747)
Foreign exchange losses	(418.778)	(227.571)

(*) Foreign exchange gain from derivative transactions amounting to TL 122.695 is presented in "Profit on derivative financial instruments" (31 December 2010: TL 29.702), foreign exchange loss from derivative transactions amounting to TL (143.116) is presented in "Losses on derivative financial instruments" (31 December 2010: TL (32.532)).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations Related to the Income Statement (Continued)

5. Information related to Other Operating Income

	Current Period	Prior Period
Provisions Released	14.389	23.688
Gains on Sale of Assets	11.467	776
From Associate and Subsidiary Sales	-	375
From Movable Fixed Asset Sales	-	-
From Properties Sales	-	41
From Other Asset Sales	11.467	360
Other	1.707	1.279
Total	27.563	25.743

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	6.979	8.868
III. Group	6.713	8.778
IV. Group	1	-
V. Group	265	90
General provision expenses	19.480	11.621
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	2.278	3.413
Trading securities	166	4
Investment securities available for sale	2.112	3.409
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other (*)	5.295	787
Total	34.032	24.689

(*) Other expense account includes TL 5.000 of provision expense for possible risks on credit portfolio in the future period.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations Related to the Income Statement (continued)

7. Information related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	41.503	36.069
Reserve for employee termination benefits	429	391
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1.329	1.241
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	311	278
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	50	40
Depreciation expenses of assets for resale	588	1.162
Impairment expenses of assets held for sale	-	-
Other operating expenses	13.840	19.538
Rent expenses	5.921	5.419
Maintenance expenses	399	377
Advertisement expenses	677	1.042
Other expenses	6.843	12.700
Loss on sales of assets	161	50
Other	6.705	3.904
Total	64.916	62.673

8. Information on Profit/loss before taxes including profit/loss from continuing and discontinued operations:

The Bank has increased profit before taxes including profit from continuing operations by 18,34 % as of 31 December 2011(31 December 2010: 27,51%). Net interest income of the Bank increased by 22,39 % (31 December 2010: %16,64).

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

The Bank's current tax charge for the period is TL 49.194 (31 December 2010: TL 51.821). Deferred tax charge is TL 13.179 (31 December 2010: TL 5.016).

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

Deferred tax charge calculated on temporary differences is TL 13.179 (31 December 2010: TL 5.016).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations Related to the Income Statement (continued)

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

As of 31 December 2011 deferred tax charge calculated based on temporary differences is TL 13.179 (31 December 2010: TL 5.016). There is no deferred tax benefit or charge reflected to the income statement on carry forward tax losses, tax deductions and exceptions (31 December 2010: None).

In addition, TL 4.211 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).

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

As of 31 December 2011, net profit of the Bank has increased by 20,66 % (31 December 2010: 21,00%).

11. Information on Net Profit/Loss

11.a The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period

The Bank has generated TL 513.097 interest income, TL 148.773 interest expenses and TL 9.898 net fee and commission income from banking operations (31 December 2010: TL 432.910 interest income, TL 135.232 interest expense, TL 13.521 net fee and commission income).

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

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

11.c Minority share of profit and loss

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (31 December 2010: None).

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

None other than other operating income explained in note IV.5 and other operating expense explained in note IV.7, exceeds 10% of the income statement.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

V. Explanations Related to Statement of Changes in Shareholders' Equity:

1. Informations related to capital:

As of 31 December 20 11, the shareholders and capital structure of the Bank are as follows:

Current Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	Capital
T. İş Bankası A.Ş. Group	400.001	50,00	400.001	-
T. Vakıflar Bankası T.A.O.	67.020	8,38	67.020	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	332.969	41,62	332.969	-
Physically Under Custody (Other Institutions and Individuals)	10	-	10	-
Total	800.000	100,00	800.000	-
Prior Period	Share	Shareholding	Paid in	Unpaid
Name Surname/Commercial Title	Capital	Rate (%)	Capital	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	-

In the current period, the Bank's share capital has increased by TL 100.000. In the meeting of the General Assembly held on 25 March 2011; it has been resolved that, paid-in capital of the Bank will be increased from TL 700.000 to TL 800.000 by TL 100.000. In respect of the resolution of the General Assembly, TL 100.000 of this increase will be incorporated from the profit of the year 2010. The increase in paid-in capital was approved by the BRSA on 12 May 2011 and has been published in the Turkish Trade Registry Gazette No: 7824 on 27 May 2011.

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

As of 31 December 2011, TL 13.984 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 4.211 deferred tax is offset against value increase related to these investments and as a result, TL 9.773 net value increase is disclosed under the securities value increase fund in the statement of changes in the equity. In the prior period, TL 77.994 value increase is accounted for arising from the valuation of available for sale investments at fair value. TL 14.732 deferred tax is offset against value increase related to these investments and as a result, TL 63.262 net value increase is disclosed under the securities value increase fund in the statement of changes in the equity.

3. Information on increases in the cash flow hedges

There is no any increase in the cash flow hedges.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued)

V. Explanations Related to Statement of Changes in Shareholders' Equity (Continued) :

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

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

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

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

6. Information about Dividends:

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

As of the date of this report, the Bank has not yet computed its distributable profit and earnings per share for the approval in the General Assembly. The profit distribution will be approved at the General Assembly, which is not yet held as of the date of the financial statements authorized for issue. The earnings per share disclosed in the accompanying income statement is calculated by dividing profit for the period by total weighted average number of shares.

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

There are no dividends proposed by the Bank after the reporting date for the approval in the General Assembly.

7. Amounts transferred to legal reserves

In the current year, TL 21.802 was transferred to the legal reserves (31 December 2010: TL 17.659).

8. Offsetting of the prior period's losses

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

VI. Explanations Related to Statement of Cash Flows:

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

In the current period, other income, TL 20.707, consists of gain on sale of assets and non-interest income. (31 December 2010: TL 27.686 gain on sale of assets and non-interest income).

Other items amounting to TL 89.724 (31 December 2010: TL (60.838)) in operating profit before changes in operating assets and liabilities consists of operating expenses and fees and commissions paid except for personnel expenses, leasing expenses, reserve for employee termination benefits, amortization charges and tax paid.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations Related to Statement of Cash Flows (continued) :

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

In the current period, TL (102.194) net increase/decrease in other assets consists of sundry receivables and changes in other assets and intangible assets (31 December 2010: TL (43.728)).

In the current period, TL (231.340) other liabilities consists of changes in tax liability, funds borrowed from repurchase agreements and sundry creditors.

In the prior period, TL (90.775) other liabilities consists of changes in tax liability, funds borrowed from repurchase agreements and sundry creditors.

In the current period, the effect of foreign currency differences on cash and cash equivalents is TL 5.887.

In the prior period, the effect of foreign currency differences on cash and cash equivalents was TL 7.699.

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

In the current period, the Bank invested TL 1.234 in movable fixed assets and properties. There is TL 800 investment in associates and subsidiaries.

In the prior period, the Bank invested TL 1.033 in movable fixed assets and properties. There is TL 234 investment in associates and subsidiaries.

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

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

In the current period, the Bank has generated a cash inflow of TL 17.706 on sale of movable fixed assets and properties. There is TL 392 sale of associates and subsidiaries in the current period.

In the prior period, the Bank generated a cash inflow of TL 5.117 on sale of movable fixed assets and properties. The sale of associates and subsidiaries in the prior period is TL 15.098.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations Related to Statement of Cash Flows (continued)

4. Information on Cash and Cash Equivalents at the End of the Period

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

	Current Period	Prior Period
Cash	7.414	3.104
Cash Equivalents	161.620	154.463
Total	169.034	157.567

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

	Current Period	Prior Period
Cash	8.133	7.414
Cash Equivalents	59.553	161.620
Total	67.686	169.034

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

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

6. Additional Information Related to Financial Position and Liquidity of the Bank

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

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations on the Risk Group of the Bank

1. Information on the Volume of Transactions Related to the Bank's Own Risk Group, Outstanding Loan and Deposit Transactions and Income and Expenses of the Period:

1.a Current Period

Risk Group of the Bank	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group (*)	
	Cash	Non-cash	Cash		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	200.426	490	57.506	117.413	41.643	-
Interest and commission income	8.668	5	1.721	220	2.003	-

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	10.887	4	1.429	294	2.055	-

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 swap buy transactions amounting to TL 18.850 and foreign currency swap sell transactions amounting to TL 18.410 with the Bank's own risk group (31 December 2010: None).

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

Benefits provided to the key management personnel in the current period amount to TL 6.128 (31 December 2010: TL 5.914).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VIII. Information and Disclosures Related to the Domestic, Foreign Offshore Branches and Foreign Representations of the Bank

1. Information and Disclosures Related to the Domestic, Foreign Offshore Branches and Foreign Representations of the Bank

	Number	Number of Employees			
Domestic branches	2	348			
			Country of Incorporation		
Foreign Rep-offices	-	-			
				Total Asset	Capital
Foreign Branches	-	-			
Off-shore Banking Region Branches	1	2	1-Bahrain	98.829	-

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

In the current period, the Bank has not opened a new branch or agency. Additionally, there is no significant change in the organization structure of the Bank's operating branches.

In the prior period, the Bank has not opened a new branch or agency. Additionally, there is no significant change in the organization structure of the Bank's operating branches.

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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

Long-term Maturity Foreign Currency (issuer)	BB+
Long-term Maturity Foreign Currency Outlook (issuer)	Stable
Short-term Maturity Foreign Currency (issuer)	B
Long-term Maturity National Currency (issuer)	BB+
Long-term Maturity National Currency Outlook (issuer)	Stable
Short-term Maturity National Currency (issuer)	B
Financial Rating Note	C/D
Outlook	3

The information above is received from Fitch Ratings report dated 28 November 2011. Fitch Ratings has cancelled “Individual Rating” category on 25 January 2012.

MOODY’S

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

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

I.b Brief Information Related to Rating Carried Out By Domestic Rating Firms:

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with the Capital Markets Board license, declared TSKB’s corporate governance rating was raised to 8,92 over 10 (89,15) from 9,10 over 10 (91,02 %); on its report dated on 18 October 2011. With respect to CMB’s board decision No: 4/100 on 7 February 2005, ratings under the main topics of Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors have been declared as; 8,78 (Weight: 25 %), 9,79 (Weight: 35 %), 9,73 (Weight: 15 %), 8,08 (Weight: 25 %), respectively.

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SECTION SIX (Continued)

OTHER EXPLANATIONS (Continued)

II. Explanations Related to Events After the Reporting Period

In the Board of Directors meeting held on 25 January 2012; it was decided to close the Bahrain Branch of the Bank and in this context, General Management was authorized for the required operations.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report

Unconsolidated financial statements and the notes to the financial statements as at 31 December 2011 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("the Turkish member firm of KPMG International Cooperative, a Swiss entity"). The independent auditors' report dated 14 February 2012 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.