



# **Türkiye Sınai Kalkınma Bankası Anonim Şirketi**

**Unconsolidated Financial Statements**  
**As of and For the Six-Month Period Ended 30 June 2012**  
*(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)*  
**With Independent Auditors' Review Report Thereon**

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik  
Anonim Şirketi

8 August 2012

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



**Akis Bağımsız Denetim ve Serbest  
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**Convenience Translation of the Independent Auditors' Review Report  
Originally Prepared and Issued in Turkish**

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

We have reviewed the unconsolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") as of 30 June 2012 and the related unconsolidated income statement, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the six-month interim period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly the financial position of the Bank as of 30 June 2012 and the results of its operations and its cash flows for the six-month interim period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411 and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,  
8 August 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 unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2012**

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

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

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

August 8, 2012



**Adnan BALI**

**Chairman of  
Board of Directors**

**H. Fevzi ONAT**

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



**Ömer ERYILMAZ**

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

**Mustafa GÖKTAŞ**

**Head of Financial  
Control Department**



**M. Baran TUNCER**

**Member of Audit Committee**



**Kemal Serdar DİŞLİ**

**Member of Audit Committee**



**Murat BİLGİC**

**Member of Audit Committee**

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**Name-Surname / Title** : Ayşe Nazlıca / Head of Budget Planning and Investor Relations  
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## SECTION ONE

### General Information

I.	Bank's incorporation date, beginning statute, changes in the existing statute.....	1
II.	Explanations regarding the Bank's shareholding structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current year, if any and explanations on the controlling group of the Bank.....	1
IV.	Explanations regarding the chairman and the members of board of the directors, audit committee, general manager and assistant general managers and their shares in the Bank.....	2
IV.	Information about the persons and institutions that have qualified shares .....	3
V.	Summary on the Bank's functions and areas of activity .....	3

## SECTION TWO

### Unconsolidated Financial Statements

I.	Unconsolidated Balance sheet (Statement of financial position) .....	4
II.	Unconsolidated Statement of off-balance sheet items .....	6
III.	Unconsolidated Income statement.....	7
IV.	Unconsolidated Statement of comprehensive income .....	8
V.	Unconsolidated Statement of changes in equity .....	9
VI.	Unconsolidated Statement of cash flows .....	10

## SECTION THREE

### Accounting Policies

I.	Basis of presentation .....	11
II.	Explanations on usage strategy of financial assets and foreign currency transactions .....	12
III.	Explanations on investments in associates and subsidiaries.....	12
IV.	Explanations on forward and option contracts and derivative instruments.....	13
V.	Explanations on interest income and expenses .....	13
VI.	Explanations on fees and commission income and expenses .....	13
VII.	Explanations on financial assets.....	14
VIII.	Explanations on impairment on financial assets .....	16
IX.	Explanations on offsetting of financial assets and liabilities .....	17
X.	Explanations on sales and repurchase agreements and lending of securities .....	17
XI.	Explanations on assets held for sale and discontinued operations.....	18
XII.	Explanations on goodwill and other intangible assets .....	18
XIII.	Explanations on tangible assets.....	19
XIV.	Explanations on leasing transactions.....	19
XV.	Explanations on provisions and contingent assets and liabilities .....	20
XVI.	Explanations on liabilities regarding employee benefits.....	20
XVII.	Explanations on taxation.....	21
XVIII.	Additional explanations on borrowings.....	22
XIX.	Explanations on debt securities issued .....	22
XX.	Explanations on acceptances .....	23
XXI.	Explanations on government incentives .....	23
XXII.	Explanations on segment reporting .....	23
XXIII.	Explanations on other matters .....	24
XXIV.	Classifications.....	24

## SECTION FOUR

### Information on Financial Structure

I.	Explanations related to the capital adequacy standard ratio .....	25
II.	Explanations related to market risk .....	28
III.	Explanations related to currency risk .....	29
IV.	Explanations related to interest rate risk .....	31
V.	Explanations related to liquidity risk.....	35

## SECTION FIVE

### Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations and disclosures related to the assets .....	37
II.	Explanations and disclosures related to the liabilities .....	52
III.	Explanations and disclosures related to the off-balance sheet items .....	58
IV.	Explanations and disclosures related to the income statement .....	60
V.	Explanations on the risk group of the Bank .....	64

## SECTION SIX

### Other Explanations

I.	Other explanations related to the operations of the Bank .....	65
II.	Other explanations related to the events after the reporting date.....	65

## SECTION SEVEN

### Independent Auditors' Review Report

I.	Explanations on the independent auditors' review report.....	66
II.	Explanations and notes prepared by independent auditors .....	66

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION**

**I. Bank's incorporation date, beginning statue, changes in the existing statue**

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

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

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

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

<b>Current Period</b> <b>Name Surname/Commercial Title</b>	<b>Share Capital</b>	<b>Shareholding Rate (%)</b>	<b>Paid in Capital</b>	<b>Unpaid Capital</b>
T. İş Bankası A.Ş. Group	550.001	50,00	550.001	-
T. Vakıflar Bankası T.A.O.	92.152	8,38	92.152	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	457.834	41,62	457.834	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
<b>Total</b>	<b>1.100.000</b>	<b>100,00</b>	<b>1.100.000</b>	<b>-</b>

<b>Prior Period</b> <b>Name Surname/Commercial Title</b>	<b>Share Capital</b>	<b>Shareholding Rate (%)</b>	<b>Paid in Capital</b>	<b>Unpaid Capital</b>
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	-
<b>Total</b>	<b>800.000</b>	<b>100,00</b>	<b>800.000</b>	<b>-</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(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	Undergraduate		25 years
Vice Chairman of the Board of Directors	Mehmet Şencan	Undergraduated		23 years
Members of the Board of Directors	Durmuş Yılmaz (2)	Postgraduate		31 years
	Mustafa Baran Tuncer	Doktorate		28 years
	Ertan Burhanettin Kantar	Undergraduate		16 years
	Kemal Serdar Dışli	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
	Yonca Koçak	Undergraduate		20 years
	Mehmet Coşkun Cangöz	Doktorate		10 years
	Uygur Şafak Ögün	Postgraduate		15 years
Member of the Board of Directors and General Manager	H. Fevzi Onat	Undergraduate	General Manager	30 years
Members of Audit Committee	M. Baran Tuncer	Doktorate		28 years
	Kemal Serdar Dışli	Postgraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
Senior Executive Presidents	A.Orhan Beşkök	Postgraduate	Technical Services and Financial Institutions	19 years
Vice Presidents	Burak Akgüç	Undergraduate	Corporate Marketing	14 years
	Ömer Eryılmaz	Undergraduate	Financial Control and Securities	20 years
	Çiğdem İçel	Undergraduate	Operations and Human Resources	17 years
	Ufuk Bala Yücel	Undergraduate	Loans	20 years
	B.Gökhan Çanakpınar	Undergraduate	Information Technologies and Loans - Treasury Operations	21 years
Statutory Auditors	Volkan Kublay	Undergraduate	Auditor	11 years
	Hamide Esmâ Uygun Çelikten	Undergraduate	Auditor	14 years

**Changes**

<u>Title</u>	<u>Resigned</u>	<u>Appointed</u>
Member of the Board of Directors	Yavuz Canevi (2)	Durmuş Yılmaz (2)

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

(2) In the General Assembly meeting held on 26 March 2012, because of Mr. Yavuz Canevi's expiration of the duty period, Mr. Durmuş Yılmaz was elected as the Board of Directors Member for three years period.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(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.

<b>Current Period</b> <b>Name Surname/Commercial Title</b>	<b>Share Capital</b>	<b>Shareholding Rate (%)</b>	<b>Paid in Capital</b>	<b>Unpaid Capital</b>
T. İş Bankası A.Ş. Group	550.001	50,00	550.001	-
T. Vakıflar Bankası T.A.O.	92.152	8,38	92.152	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	457.834	41,62	457.834	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
<b>Total</b>	<b>1.100.000</b>	<b>100,00</b>	<b>1.100.000</b>	<b>-</b>
<b>Prior Period</b> <b>Name Surname/Commercial Title</b>	<b>Share Capital</b>	<b>Shareholding Rate (%)</b>	<b>Paid in Capital</b>	<b>Unpaid Capital</b>
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	-
<b>Total</b>	<b>800.000</b>	<b>100,00</b>	<b>800.000</b>	<b>-</b>

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

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

The Bank has opened two branches in Izmir and Ankara in April 2006 to enhance marketing and valuation operations. TSKB Bahrain Branch, is the only branch of TSKB in abroad, started its operations on 18 January 2005 after obtaining the off-shore banking license from Bahrain Central Bank (BMA) on 30 December 2004. The mission of the branch is to expand to Middle East and exercise all activities including capital market transactions and giving foreign currency loans. 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. In accordance with the decision, the Bank management has started to executions in order to terminate the Bahrain Branch activities. It is expected to close the branch following the completion of legal procedures in Bahrain in the current year.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT of FINANCIAL POSITION)**  
**AT 30 JUNE 2012**

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

		Reviewed Current Period 30 June 2012			Audited Prior Period 31 December 2011		
ASSETS	Note Ref.	TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>40.179</b>	<b>141.670</b>	<b>181.849</b>	<b>5.390</b>	<b>115.652</b>	<b>121.042</b>
<b>II. FINANCIAL ASSETS AT F.V. THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>15.498</b>	<b>15.264</b>	<b>30.762</b>	<b>71.573</b>	<b>32.651</b>	<b>104.224</b>
2.1 Trading financial assets		15.498	15.264	30.762	71.573	32.651	104.224
2.1.1 Public sector debt securities		6.796	-	6.796	59.040	-	59.040
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		8.229	15.264	23.493	11.961	32.651	44.612
2.1.4 Other marketable securities		473	-	473	572	-	572
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
<b>III. BANKS</b>	(3)	<b>3.575</b>	<b>21.286</b>	<b>24.861</b>	<b>6.752</b>	<b>52.803</b>	<b>59.555</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	<b>2.245.146</b>	<b>493.863</b>	<b>2.739.009</b>	<b>1.749.463</b>	<b>571.043</b>	<b>2.320.506</b>
5.1 Share certificates		28.125	2.957	31.082	27.198	2.957	30.155
5.2 Public sector debt securities		2.012.091	321.360	2.333.451	1.617.661	378.877	1.996.538
5.3 Other marketable securities		204.930	169.546	374.476	104.604	189.209	293.813
<b>VI. LOANS</b>	(5)	<b>1.764.261</b>	<b>4.763.122</b>	<b>6.527.383</b>	<b>1.893.502</b>	<b>4.473.548</b>	<b>6.367.050</b>
6.1 Loans		1.764.261	4.763.122	6.527.383	1.893.502	4.473.548	6.367.050
6.1.1 Loans to risk group of the Bank		225.442	117.900	343.342	200.426	99.149	299.575
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1.538.819	4.645.222	6.184.041	1.693.076	4.374.399	6.067.475
6.2 Non performing loans		8.631	11.425	20.056	10.998	14.675	25.673
6.3 Specific provisions (-)		(8.631)	(11.425)	(20.056)	(10.998)	(14.675)	(25.673)
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	-	-	-	<b>126.955</b>	-	<b>126.955</b>
8.1 Public sector debt securities		-	-	-	126.955	-	126.955
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	<b>119.207</b>	-	<b>119.207</b>	<b>129.479</b>	-	<b>129.479</b>
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		119.207	-	119.207	129.479	-	129.479
9.2.1 Financial investments		117.816	-	117.816	128.388	-	128.388
9.2.2 Non-financial investments		1.391	-	1.391	1.091	-	1.091
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	<b>130.890</b>	-	<b>130.890</b>	<b>118.888</b>	-	<b>118.888</b>
10.1 Unconsolidated financial subsidiaries		130.278	-	130.278	118.276	-	118.276
10.2 Unconsolidated non-financial subsidiaries		612	-	612	612	-	612
<b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(10)	-	<b>15.525</b>	<b>15.525</b>	-	<b>28.400</b>	<b>28.400</b>
12.1 Finance lease receivables		-	16.107	16.107	-	29.577	29.577
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	(582)	(582)	-	(1.177)	(1.177)
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		<b>8.632</b>	-	<b>8.632</b>	<b>9.009</b>	<b>2</b>	<b>9.011</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>569</b>	-	<b>569</b>	<b>452</b>	-	<b>452</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		569	-	569	452	-	452
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(12)	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>	(13)	<b>7.826</b>	-	<b>7.826</b>	<b>14.140</b>	-	<b>14.140</b>
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		7.826	-	7.826	14.140	-	14.140
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(14)	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets of discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(15)	<b>2.743</b>	<b>24.777</b>	<b>27.520</b>	<b>5.314</b>	<b>50.885</b>	<b>56.199</b>
<b>TOTAL ASSETS</b>		<b>4.338.526</b>	<b>5.475.507</b>	<b>9.814.033</b>	<b>4.130.917</b>	<b>5.324.984</b>	<b>9.455.901</b>

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



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT of FINANCIAL POSITION)**  
**AT 30 JUNE 2012**

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

		Reviewed Current Period 30 June 2012			Audited Prior Period 31 December 2011		
LIABILITIES	Note Ref.	TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	1.952	16.419	18.371	6.470	38.506	44.976
<b>III. FUNDS BORROWED</b>	(3)	-	6.647.790	6.647.790	23.763	6.755.520	6.779.283
<b>IV. MONEY MARKET BALANCES</b>		1.104.453	215.513	1.319.966	769.792	177.962	947.754
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements	1.104.453	215.513	1.319.966	769.792	177.962	947.754	
<b>V. DEBT SECURITIES ISSUED (Net)</b>		5	-	5	2	-	2
5.1 Bills		5	-	5	2	-	2
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		2.700	5.582	8.282	1.559	6.335	7.894
6.1 Borrower funds		2.700	5.582	8.282	1.559	6.335	7.894
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLE</b>		66.282	17.033	83.315	72.765	17.391	90.156
<b>VIII. OTHER LIABILITIES</b>	(4)	-	-	-	-	-	-
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5)	-	-	-	-	-	-
10.1 Finance lease payables		-	2	2	-	2	2
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses ( - )		-	(2)	(2)	-	(2)	(2)
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(7)	121.037	-	121.037	108.664	-	108.664
12.1 General loan loss provisions		78.606	-	78.606	64.564	-	64.564
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		4.666	-	4.666	3.792	-	3.792
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		37.765	-	37.765	40.308	-	40.308
<b>XIII. TAX LIABILITY</b>	(9)	23.998	-	23.998	16.413	-	16.413
13.1 Current tax liability		23.998	-	23.998	16.413	-	16.413
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(8)	-	90.490	90.490	-	95.000	95.000
<b>XVI. SHAREHOLDERS' EQUITY</b>	(10)	1.459.568	41.211	1.500.779	1.345.753	20.006	1.365.759
16.1 Paid-in capital		1.100.000	-	1.100.000	800.000	-	800.000
16.2 Capital reserves		(576)	41.211	40.635	4.245	20.006	24.251
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(36.107)	41.211	5.104	(27.303)	20.006	(7.297)
16.2.4 Tangible assets revaluation differences		35.157	-	35.157	31.174	-	31.174
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging reserves (Effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	374	-	374
16.3 Profit reserves		187.221	-	187.221	286.166	-	286.166
16.3.1 Legal reserves		122.876	-	122.876	95.361	-	95.361
16.3.2 Statutory reserves		60.277	-	60.277	47.510	-	47.510
16.3.3 Extraordinary reserves		1.148	-	1.148	140.375	-	140.375
16.3.4 Other profit reserves		2.920	-	2.920	2.920	-	2.920
16.4 Profit or loss		172.923	-	172.923	255.342	-	255.342
16.4.1 Prior years' profit/loss		-	-	-	-	-	-
16.4.2 Current year profit/loss		172.923	-	172.923	255.342	-	255.342
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2.779.995</b>	<b>7.034.038</b>	<b>9.814.033</b>	<b>2.345.181</b>	<b>7.110.720</b>	<b>9.455.901</b>

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS AT 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Reviewed Current Period 30 June 2012			Audited Prior Period 31 December 2011		
	Note Ref.	TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>1.640.289</b>	<b>5.836.808</b>	<b>7.477.097</b>	<b>2.255.167</b>	<b>7.434.041</b>	<b>9.689.208</b>
<b>I. GUARANTEES AND COLLATERALS</b>	(1)	<b>306.267</b>	<b>1.042.397</b>	<b>1.348.664</b>	<b>298.455</b>	<b>970.524</b>	<b>1.268.979</b>
1.1 Letters of guarantee		285.629	379.403	665.032	278.215	411.262	689.477
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		285.629	379.403	665.032	278.215	411.262	689.477
1.2 Bank acceptances		-	3.174	3.174	-	3.333	3.333
1.2.1 Import letters of acceptance		-	3.174	3.174	-	3.333	3.333
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	659.820	659.820	-	555.929	555.929
1.3.1 Documentary letters of credit		-	659.820	659.820	-	555.929	555.929
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		20.638	-	20.638	20.240	-	20.240
1.9 Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>878.290</b>	<b>2.374.011</b>	<b>3.252.301</b>	<b>1.087.925</b>	<b>2.985.994</b>	<b>4.073.919</b>
2.1 Irrevocable commitments		60.768	149.116	209.884	42.801	146.519	189.320
2.1.1 Forward asset purchase and sales commitments		52.709	131.632	184.341	22.145	128.179	150.324
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		-	6.635	6.635	-	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		8.059	10.849	18.908	20.656	11.372	32.028
2.2 Revocable commitments		817.522	2.224.895	3.042.417	1.045.124	2.839.475	3.884.599
2.2.1 Revocable loan granting commitments		817.522	2.224.895	3.042.417	1.045.124	2.839.475	3.884.599
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>455.732</b>	<b>2.420.400</b>	<b>2.876.132</b>	<b>868.787</b>	<b>3.477.523</b>	<b>4.346.310</b>
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		455.732	2.420.400	2.876.132	868.787	3.477.523	4.346.310
3.2.1 Forward foreign currency buy/sell transactions		125.516	153.358	278.874	172.110	684.463	856.573
3.2.1.1 Forward foreign currency transactions-buy		62.889	76.679	139.568	88.151	341.027	429.178
3.2.1.2 Forward foreign currency transactions-sell		62.627	76.679	139.306	83.959	343.436	427.395
3.2.2 Swap transactions related to f.c. and interest rates		59.558	1.912.784	1.972.342	50.895	1.969.223	2.020.118
3.2.2.1 Foreign currency swaps-buy		45.488	86.138	131.626	18.415	304.520	322.935
3.2.2.2 Foreign currency swaps-sell		14.070	110.404	124.474	32.480	287.787	320.267
3.2.2.3 Interest rate swaps-buy		-	858.121	858.121	-	688.458	688.458
3.2.2.4 Interest rate swaps-sell		-	858.121	858.121	-	688.458	688.458
3.2.3 Foreign currency, interest rate and securities options		268.457	352.099	620.556	644.850	822.904	1.467.754
3.2.3.1 Foreign currency options-buy		153.586	139.544	293.130	322.425	386.498	708.923
3.2.3.2 Foreign currency options-sell		114.871	174.231	289.102	322.425	386.498	708.923
3.2.3.3 Interest rate options-buy		-	19.162	19.162	-	24.954	24.954
3.2.3.4 Interest rate options-sell		-	19.162	19.162	-	24.954	24.954
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		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		2.201	2.159	4.360	932	933	1.865
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>5.585.123</b>	<b>72.127.014</b>	<b>77.712.137</b>	<b>6.500.022</b>	<b>64.237.278</b>	<b>70.737.300</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>1.436.116</b>	<b>266.714</b>	<b>1.702.830</b>	<b>1.070.518</b>	<b>228.362</b>	<b>1.298.880</b>
4.1 Customers' securities held		8.642	-	8.642	4.712	-	4.712
4.2 Investment securities held in custody		304.220	266.714	570.934	295.649	228.362	524.011
4.3 Checks received for collection		-	-	-	-	-	-
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		18.419	-	18.419	18.402	-	18.402
4.8 Custodians		1.104.835	-	1.104.835	751.755	-	751.755
<b>V. PLEDGED ITEMS</b>		<b>3.181.034</b>	<b>47.363.538</b>	<b>50.544.572</b>	<b>4.487.011</b>	<b>39.004.982</b>	<b>43.491.993</b>
5.1 Marketable securities		2.935	1.066.304	1.069.239	2.931	1.282.865	1.285.796
5.2 Guarantee notes		58.454	1.355.969	1.414.423	65.423	1.574.739	1.640.162
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real estates		112.594	15.701.018	15.813.612	112.594	7.130.658	7.243.252
5.6 Other pledged items		3.007.051	29.240.247	32.247.298	4.306.063	29.016.720	33.322.783
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS</b>		<b>967.973</b>	<b>24.496.762</b>	<b>25.464.735</b>	<b>942.493</b>	<b>25.003.934</b>	<b>25.946.427</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>7.225.412</b>	<b>77.963.822</b>	<b>85.189.234</b>	<b>8.755.189</b>	<b>71.671.319</b>	<b>80.426.508</b>

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Reviewed Current Period 1 January – 30 June 2012	Reviewed Prior Period 1 January – 30 June 2011	Reviewed Current Period 1 April – 30 June 2012	Reviewed Prior Period 1 April – 30 June 2011
	Note Ref.				
<b>I. INTEREST INCOME</b>	(1)	<b>297.015</b>	<b>239.708</b>	<b>153.736</b>	<b>115.665</b>
1.1 Interest income on loans		162.058	135.529	84.811	67.937
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		263	6.097	22	3.093
1.4 Interest received from money market placements		5.672	-	327	-
1.5 Interest received from marketable securities portfolio		128.204	96.750	68.067	44.042
1.5.1 Financial assets held for trading		1.032	1.954	434	958
1.5.2 Financial assets at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		119.479	76.827	67.633	34.607
1.5.4 Investments held-to-maturity		7.693	17.969	-	8.477
1.6 Finance lease income		763	1.241	474	567
1.7 Other interest income		55	91	35	26
<b>II. INTEREST EXPENSES</b>	(2)	<b>(83.690)</b>	<b>(73.769)</b>	<b>(44.584)</b>	<b>(37.978)</b>
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(46.664)	(34.238)	(23.840)	(19.340)
2.3 Interest on money market borrowings		(36.955)	(36.002)	(20.709)	(17.639)
2.4 Interest on securities issued		-	(3.522)	-	(996)
2.5 Other interest expenses		(71)	(7)	(35)	(3)
<b>III. NET INTEREST INCOME (I - II)</b>		<b>213.325</b>	<b>165.939</b>	<b>109.152</b>	<b>77.687</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>5.639</b>	<b>5.186</b>	<b>3.060</b>	<b>1.695</b>
4.1 Fees and commissions received		6.095	5.761	3.285	1.939
4.1.1 Non-cash loans		4.192	3.129	2.126	728
4.1.2 Other		1.903	2.632	1.159	1.211
4.2 Fees and commissions paid		(456)	(575)	(225)	(244)
4.2.1 Non-cash loans		(1)	(1)	-	-
4.2.2 Other		(455)	(574)	(225)	(244)
<b>V. DIVIDEND INCOME</b>		<b>27.312</b>	<b>24.989</b>	<b>20.128</b>	<b>14.539</b>
<b>VI. TRADING INCOME / LOSSES (Net)</b>	(3)	<b>3.339</b>	<b>(3.229)</b>	<b>419</b>	<b>(4.327)</b>
6.1 Securities trading gains/losses		(144)	(2.002)	3	(398)
6.2 Derivative financial instruments gains/losses		(241)	4.852	(6.369)	5.056
6.3 Foreign exchange gains/losses (net)		3.724	(6.079)	6.785	(8.985)
<b>VII. OTHER OPERATING INCOME</b>	(4)	<b>14.128</b>	<b>12.953</b>	<b>12.032</b>	<b>10.322</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>263.743</b>	<b>205.838</b>	<b>144.791</b>	<b>99.916</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(5)	<b>(14.680)</b>	<b>(12.604)</b>	<b>(12.539)</b>	<b>(5.184)</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(6)	<b>(35.512)</b>	<b>(33.404)</b>	<b>(18.266)</b>	<b>(16.714)</b>
<b>XI. NET OPERATING INCOME/LOSS (VIII-IX-X)</b>		<b>213.551</b>	<b>159.830</b>	<b>113.986</b>	<b>78.018</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS INCOME RESULTED FROM MERGER</b>		-	-	-	-
<b>XIII. PROFIT / LOSS ON EQUITY METHOD</b>		-	-	-	-
<b>XIV. GAIN / LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. PROFIT / LOSS FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)</b>	(8)	<b>213.551</b>	<b>159.830</b>	<b>113.986</b>	<b>78.018</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(7)	<b>(40.628)</b>	<b>(29.538)</b>	<b>(22.304)</b>	<b>(14.309)</b>
16.1 Current tax charge		(42.172)	(24.158)	(22.188)	(12.270)
16.2 Deferred tax charge		1.544	(5.380)	(116)	(2.039)
<b>XVII. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>172.923</b>	<b>130.292</b>	<b>91.682</b>	<b>63.709</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income from assets held for sale		-	-	-	-
18.2 Income from sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
18.3 Income from other discontinued operations		-	-	-	-
<b>XIX. LOSS ON DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Losses on assets held for sale		-	-	-	-
19.2 Losses on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
19.3 Losses on other discontinued operations		-	-	-	-
<b>XX. PROFIT / LOSS ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		-	-	-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS(±)</b>		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
<b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(9)	<b>172.923</b>	<b>130.292</b>	<b>91.682</b>	<b>63.709</b>
Earnings/losses per share		0,157	0,118	0,083	0,058

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 SIX-MONTH PERIOD ENDED 30 JUNE 2012**

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

	Reviewed Current Period 1 January – 30 June 2012	Reviewed Prior Period 1 January – 30 June 2011
<b>PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDER'S EQUITY</b>		
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>41.553</b>	<b>(20.931)</b>
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES</b>	-	-
<b>V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)</b>	-	-
<b>VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS</b>	-	-
<b>VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>(21.294)</b>	<b>(23.806)</b>
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>(7.858)</b>	<b>3.677</b>
<b>X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>12.401</b>	<b>(41.060)</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>172.923</b>	<b>130.292</b>
11.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(920)	(539)
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	173.843	130.831
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)</b>	<b>185.324</b>	<b>89.232</b>

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 SIX-MONTH PERIOD ENDED 30 JUNE 2012**  
(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 Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / Loss	Prior Period Net Profit / Loss	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates, Subs and Jointly Controlled Entities	Hedging Reserves	Revaluation Surplus on Assets Held for sale and on Disc. Operations	Shareholders' Equity Before Non-controlling Interest	Non-Controlling Interest	Total Shareholders' Equity
<b>CHANGES IN SHAREHOLDER'S EQUITY</b>																			
<b>Prior Period – 30 June 2011</b>																			
I.	Opening Balance	700.000	374	-	-	73.559	36.929	108.328	2.920	-	211.629	99.315	31.174	-	-	-	1.264.228	-	1.264.228
Changes during the period																			
II.	Increase / Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities value increase fund	-	-	-	-	-	-	-	-	-	-	(41.060)	-	-	-	-	(41.060)	-	(41.060)
IV.	Hedging (Effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	100.000	-	-	-	-	-	-	-	-	(100.000)	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	100.000	-	-	-	-	-	-	-	-	(100.000)	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	The effect of inflation on paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	-	130.292	-	-	-	-	-	-	130.292	-	130.292
XVIII.	Profit distribution	-	-	-	-	21.802	10.581	32.047	-	-	(111.629)	-	-	-	-	-	(47.199)	-	(47.199)
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(47.199)	-	-	-	-	-	(47.199)	-	(47.199)
18.2	Transfers to reserves	-	-	-	-	21.802	10.581	32.047	-	-	(64.430)	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>		<b>800.000</b>	<b>374</b>	<b>-</b>	<b>-</b>	<b>95.361</b>	<b>47.510</b>	<b>140.375</b>	<b>2.920</b>	<b>130.292</b>	<b>-</b>	<b>58.255</b>	<b>31.174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.306.261</b>	<b>-</b>	<b>1.306.261</b>
<b>Current Period – 30 June 2012</b>																			
I.	Opening Balance	800.000	374	-	-	95.361	47.510	140.375	2.920	-	255.342	(7.297)	31.174	-	-	-	1.365.759	-	1.365.759
Changes during the period																			
II.	Increase / Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities value increase fund	-	-	-	-	-	-	-	-	-	-	12.401	-	-	-	-	12.401	-	12.401
IV.	Hedging (Effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	(3.983)	-	3.983	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in equities of associates on bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	300.000	-	-	-	-	-	(163.000)	-	-	(137.000)	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	300.000	-	-	-	-	-	(163.000)	-	-	(137.000)	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	The effect of inflation on paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	175	-	-	-	-	-	-	-	-	175	-	175
XVII.	Current period net profit/loss	-	-	-	-	-	-	-	-	172.923	-	-	-	-	-	-	172.923	-	172.923
XVIII.	Profit distribution	-	-	-	-	27.515	12.767	23.598	-	-	(114.359)	-	-	-	-	-	(50.479)	-	(50.479)
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(50.479)	-	-	-	-	-	(50.479)	-	(50.479)
18.2	Transfers to reserves	-	-	-	-	27.515	12.767	23.598	-	-	(63.880)	-	-	-	-	-	(50.479)	-	(50.479)
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>		<b>1.100.000</b>	<b>374</b>	<b>-</b>	<b>-</b>	<b>122.876</b>	<b>60.277</b>	<b>1.148</b>	<b>2.920</b>	<b>172.923</b>	<b>-</b>	<b>5.104</b>	<b>35.157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.500.779</b>	<b>-</b>	<b>1.500.779</b>

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 INTERIM PERIOD ENDED 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Reviewed Current Period 30 June 2012	Reviewed Prior Period 30 June 2011
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>135.791</b>	<b>407.098</b>
1.1.1 Interest received	281.529	276.610
1.1.2 Interest paid	(84.769)	(77.755)
1.1.3 Dividends received	4.573	4.746
1.1.4 Fees and commissions received	6.095	5.761
1.1.5 Other income	17.852	15.803
1.1.6 Collections from previously written off loans and other receivables	1.293	5.238
1.1.7 Payments to personnel and service suppliers	(25.492)	(22.801)
1.1.8 Taxes paid	(32.950)	(24.470)
1.1.9 Others	(32.340)	223.966
<b>1.2 Changes in operating assets and liabilities</b>	<b>177.276</b>	<b>(323.415)</b>
1.2.1 Net (increase) decrease in financial assets held for trading	52.358	9.991
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	(572.382)	(409.067)
1.2.5 Net (increase) decrease in other assets	9.362	(47.821)
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	318.738	256.140
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	369.200	(132.658)
<b>I. Net cash provided from banking operations</b>	<b>313.067</b>	<b>83.683</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>	<b>(260.495)</b>	<b>147.719</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(300)	(800)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Purchases of tangible assets	(557)	(611)
2.4 Sales of tangible assets	743	10.483
2.5 Cash paid for purchase of financial assets available for sale	(355.928)	(23.325)
2.6 Cash obtained from sale of financial assets available for sale	-	-
2.7 Cash paid for purchase of investments held to maturity	-	-
2.8 Cash obtained from sale of investments held to maturity (*)	95.787	162.212
2.9 Others	(240)	(240)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>	<b>(50.476)</b>	<b>(190.118)</b>
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	3	(142.919)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(50.479)	(47.199)
3.5 Payments for finance leases	-	-
3.6 Other	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(2.178)</b>	<b>2.957</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	<b>(82)</b>	<b>44.241</b>
<b>VI. Cash and cash equivalents at the beginning of the period</b>	<b>67.686</b>	<b>169.034</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>67.604</b>	<b>213.275</b>

(\*) The amount mentioned above comprises redemption of held to maturity investments on 15 February 2012.

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012**  
(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 XXIV.

**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.

**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.



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**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.

**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.

**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.

As of the reporting date, the Bank has begun to calculate internal rate of return of the CPI indexed marketable securities considering expected inflation index of future cash flows. The effect of this application is accounted as interest received from marketable securities in the unconsolidated financial statements.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations and disclosures on financial assets (continued)**

Loans:

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

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

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

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on impairment on 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 30 June 2012 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.

The repurchase agreements of the Bank are based on the short-term Eurobonds issued by Republic of Turkey Undersecretariat of Treasury and government bonds. In the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement. Receivables from reverse repurchase agreements are recorded in “Receivables from Reverse Repurchase Agreements” account in the balance sheet.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XI. Explanations on assets held for sale and discontinued operations**

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale under normal conditions. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed of (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or 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.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIII. Explanations on tangible assets**

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

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

Regular maintenance and repair expenditures are expensed.

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

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

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

<b>Tangible Assets</b>	<b>Expected Useful Lives (Years)</b>	<b>Depreciation Rate (%)</b>
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.

**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.



**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 currently enacted tax rates are used to determine deferred tax on income.

**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.

**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 300.000. In the meeting of the General Assembly held on 26 March 2012; it has been resolved that, paid-in capital of the Bank will be increased from TL 800.000 to TL 1.100.000 by TL 300.000. In respect of the resolution of the General Assembly, TL 137.000 of this increase will be incorporated from the profit of the year 2011 and the remaining TL 163.000 will be incorporated from extraordinary reserves. The increase in paid-in capital has approved by the BRSA on 6 June 2012 and has been published in the Turkish Trade Registry Gazette No: 8088 on 12 June 2012.

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 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.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XX. Explanations on acceptances**

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

**XXI. Explanations on government incentives**

The Bank does not use government incentives.

**XXII. Explanations on segment reporting**

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

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

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XXII. Explanations on segment reporting (continued)**

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

<b>Current Period</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Net Interest Income	114.492	98.833	-	213.325
Net Commission and Fees Income	4.257	1.256	126	5.639
Other Income	11.002	4.880	30.445	46.327
Other Expense	(28.161)	(11.885)	(11.694)	(51.740)
Profit Before Tax	101.590	93.084	18.877	213.551
Tax Provision				(40.628)
<b>Net Profit</b>				<b>172.923</b>
<b>Current Period</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Segment Assets	6.542.908	2.976.481	44.547	9.563.936
Investment in Associates and Subsidiaries	-	-	250.097	250.097
<b>Total Assets</b>	<b>6.542.908</b>	<b>2.976.481</b>	<b>294.644</b>	<b>9.814.033</b>
Segment Liabilities	6.296.687	1.788.217	228.350	8.313.254
Shareholders' Equity	-	-	1.500.779	1.500.779
<b>Total Liabilities</b>	<b>6.296.687</b>	<b>1.788.217</b>	<b>1.729.129</b>	<b>9.814.033</b>

<b>Prior Period (*)</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Net Interest Income	99.976	65.963	-	165.939
Net Commission and Fees Income	2.799	2.000	387	5.186
Other Income	7.749	37	30.156	37.942
Other Expense	(25.792)	(13.387)	(10.058)	(49.237)
Profit Before Tax	84.732	54.613	20.485	159.830
Tax Provision				(29.538)
<b>Net Profit</b>				<b>130.292</b>
<b>Prior Period (**)</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Segment Assets	6.395.450	2.732.282	79.802	9.207.534
Investment in Associates and Subsidiaries	-	-	248.367	248.367
<b>Total Assets</b>	<b>6.395.450</b>	<b>2.732.282</b>	<b>328.169</b>	<b>9.455.901</b>
Segment Liabilities	6.396.378	1.478.531	215.233	8.090.142
Shareholders' Equity	-	-	1.365.759	1.365.759
<b>Total Liabilities</b>	<b>6.396.378</b>	<b>1.478.531</b>	<b>1.580.992</b>	<b>9.455.901</b>

(\*) The information is related to 30 June 2011.

(\*\*) The information is related to 31 December 2011.

**XXIII. Explanations on other matters**

None.

**XXIV. Classifications**

The Bank makes classifications in financial statements of prior years, for comparability reasons when necessary.

In the current period, provision expenses related to bonus provision in "Provision expenses related to loans and other receivables" as of 30 June 2011 has been classified to personnel expenses in "Other operation expenses".

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

**I. Explanations related to the capital adequacy standard ratio**

The capital adequacy ratio is 20,19% as at 30 June 2012 (31 December 2011: 19,08%). 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%
<b>Amounts Subject to Credit Risk</b>							
<b>Balance Sheet items (Net)</b>	<b>189.855</b>	-	<b>536.388</b>	<b>1.341.133</b>	<b>4.975.666</b>	<b>13</b>	-
Cash	239	-	-	-	-	-	-
Matured Marketable Securities	88	-	-	-	-	-	-
Due From Central Bank of Turkey	42.416	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	24.861	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	139.106	-	-	-	-	-	-
Loans	-	-	494.127	1.271.920	4.541.413	13	-
Non-performing Loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables	-	-	3.391	2.123	10.011	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	-	-	-	-	-	-	-
Receivables from Instalment Sales of Assets	-	-	-	-	-	-	-
Miscellaneous Payable	-	-	7.959	-	504	-	-
Interest and Income Accruals	-	-	6.050	67.090	147.085	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	250.097	-	-
Tangible Assets	-	-	-	-	7.994	-	-
Other Assets	8.006	-	-	-	18.562	-	-
<b>Off-Balance Sheet Items</b>	<b>22.184</b>	-	<b>212.826</b>	<b>56.936</b>	<b>952.028</b>	-	-
Guarantees and Commitments	22.184	-	172.431	56.936	929.057	-	-
Derivative Financial Instruments	-	-	40.395	-	22.971	-	-
<b>Non Risk Weighted Accounts</b>	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>212.039</b>	-	<b>749.214</b>	<b>1.398.069</b>	<b>5.927.694</b>	<b>13</b>	-

**Summary information related to the capital adequacy ratio:**

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	6.776.591	6.784.748
Amount Subject to Market Risk (ASMR)	643.838	541.813
Amount Subject to Operational Risk (ASOR)	633.655	533.236
Shareholders' Equity	1.626.071	1.499.272
<b>Shareholders' Equity / (TRWA + ASMR + ASOR) *100</b>	<b>20,19</b>	<b>19,08</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

**Information related to the components of shareholders' equity:**

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	1.100.000	800.000
Nominal Capital	1.100.000	800.000
Capital Commitments (-)	-	-
Inflation Adjustment to Share Capital	374	374
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	122.876	95.361
First Legal Reserve (Turkish Commercial Code 466/1)	60.277	47.510
Second Legal Reserve (Turkish Commercial Code 466/2)	62.599	47.851
Other Legal Reserve per Special Legislation	-	-
Status Reserves	60.277	47.510
Extraordinary Reserves	4.068	143.295
Reserves Allocated by the General Assembly	1.148	140.375
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	172.923	255.342
Current Period Profit	172.923	255.342
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	35.157	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 (-)	(254)	(229)
Intangible Assets (-)	(569)	(452)
Deferred Tax Asset Exceeding 10% of the Core Capital (-)	-	-
Excess Amount as per the Article 56, Clause 3 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>1.494.852</b>	<b>1.372.375</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Provisions	78.606	64.564
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 (*)	71.800	75.400
45% of the Marketable Securities Value Increase Fund (**)	(18.803)	(12.672)
Associates and Subsidiaries	(38.364)	(17.070)
Available for Sale Securities	19.561	4.398
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>131.603</b>	<b>127.292</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>1.626.455</b>	<b>1.499.667</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>(384)</b>	<b>(395)</b>
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	(384)	(395)
Other	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1.626.071</b>	<b>1.499.272</b>

(\*) 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.

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**II. Explanations related to market risk**

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

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

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

The market risk table is as follows:

	<b>Amount</b>
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	28.979
Resulting from Financial Instruments related to Interest Income	26.455
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.524
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	16.639
Resulting from Financial Instruments related to Interest Income	14.115
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.524
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	5.889
Capital Requirement	5.872
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	17
(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)	51.507
<b>(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)</b>	<b>643.838</b>



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations related to currency risk**

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

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

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

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

	1 USD	1 EURO	1 YEN
<b>A. Bank "Foreign Exchange Valuation Rate"</b>			
30 June 2012	1,7950	2,2585	0,0226
<b>Prior Five Workdays:</b>			
29 June 2012	1,7950	2,2585	0,0226
28 June 2012	1,7900	2,2397	0,0225
27 June 2012	1,8000	2,2498	0,0227
26 June 2012	1,7994	2,2518	0,0226
25 June 2012	1,8050	2,2615	0,0225

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Bank before the reporting date are TL 1,8072, TL 2,2665 and TL 0,0228; respectively.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations related to currency risk (continued)**

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

	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>Other FC</b>	<b>Total</b>
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	110.145	31.494	-	31	141.670
Banks	5.050	14.996	35	1.205	21.286
Financial Assets at Fair Value Through Profit and Loss (*)	4.366	10.537	-	-	14.903
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	33.766	460.097	-	-	493.863
Loans (**)	2.811.503	3.546.056	-	-	6.357.559
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	17.853	11.132	-	4	28.989
<b>Total Assets</b>	<b>2.982.683</b>	<b>4.074.312</b>	<b>35</b>	<b>1.240</b>	<b>7.058.270</b>
<b>Liabilities</b>					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	31.434	184.071	-	8	215.513
Funds Provided From Other Financial Institutions	3.013.992	3.724.288	-	-	6.738.280
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	3.372	13.659	-	2	17.033
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	9.501	12.103	-	1	21.605
<b>Total Liabilities</b>	<b>3.058.299</b>	<b>3.934.121</b>	<b>-</b>	<b>11</b>	<b>6.992.431</b>
<b>Net Balance Sheet Position</b>	<b>(75.616)</b>	<b>140.191</b>	<b>35</b>	<b>1.229</b>	<b>65.839</b>
<b>Net Off-Balance Sheet Position</b>	<b>22.846</b>	<b>(85.620)</b>	<b>-</b>	<b>-</b>	<b>(62.774)</b>
Financial Derivative Assets	195.504	167.178	-	4.146	366.828
Financial Derivative Liabilities	(172.658)	(252.798)	-	(4.146)	(429.602)
Non-Cash Loans (*****)	136.745	905.652	-	-	1.042.397
<b>Prior Period</b>					
Total Assets	2.987.210	4.095.792	399	1.784	7.085.185
Total Liabilities	3.219.668	3.860.189	-	646	7.080.503
<b>Net Balance Sheet Position</b>	<b>(232.458)</b>	<b>235.603</b>	<b>399</b>	<b>1.138</b>	<b>4.682</b>
<b>Net Off-Balance Sheet Position</b>	<b>225.591</b>	<b>(210.299)</b>	<b>(321)</b>	<b>-</b>	<b>14.971</b>
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

(\*) Exchange rate differences arising from derivative transactions amounting to TL 361 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(\*\*) Loans extended, include TL 1.594.437 foreign currency indexed loans.

(\*\*\*) Prepaid expenses amounting to TL 11.313 have not been included in other assets.

(\*\*\*\*) Marketable securities valuation increase fund amounting to TL 41.211 and exchange rate differences arising from derivative transactions amounting to TL 396 have not been included in "Other Liabilities". Borrower funds amounting to TL 5.582 are included in "Other Liabilities" on the basis of related foreign currencies.

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**IV. Explanations related to interest rate risk**

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

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

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

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

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**IV. Explanations related to interest rate risk (continued)**

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing(*)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	181.849	181.849
Banks	-	-	-	-	-	24.861	24.861
Financial Assets at Fair Value Through Profit and Loss	1.840	6.975	10.959	3.781	6.734	473	30.762
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	783.764	697.793	523.641	407.531	295.198	31.082	2.739.009
Loans	1.170.363	2.448.499	2.530.154	328.597	49.770	-	6.527.383
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	2.593	9.502	2.879	551	-	294.644	310.169
<b>Total Assets</b>	<b>1.958.560</b>	<b>3.162.769</b>	<b>3.067.633</b>	<b>740.460</b>	<b>351.702</b>	<b>532.909</b>	<b>9.814.033</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.158.768	160.254	944	-	-	-	1.319.966
Miscellaneous Payables	-	-	-	-	-	83.315	83.315
Marketable Securities Issued	5	-	-	-	-	-	5
Funds Provided from Other Financial Institutions	2.137.440	3.006.097	1.283.702	63.115	247.926	-	6.738.280
Other Liabilities (***)	9.500	1.362	1.694	4.107	9.990	1.645.814	1.672.467
<b>Total Liabilities</b>	<b>3.305.713</b>	<b>3.167.713</b>	<b>1.286.340</b>	<b>67.222</b>	<b>257.916</b>	<b>1.729.129</b>	<b>9.814.033</b>
Balance Sheet Long Position	-	-	1.781.293	673.238	93.786	-	2.548.317
Balance Sheet Short Position	(1.347.153)	(4.944)	-	-	-	(1.196.220)	(2.548.317)
Off-Balance Sheet Long Position	37.449	77.804	66.130	-	-	-	181.383
Off-Balance Sheet Short Position	-	-	-	(114.123)	(55.826)	-	(169.949)
<b>Total Position</b>	<b>(1.309.704)</b>	<b>72.860</b>	<b>1.847.423</b>	<b>559.115</b>	<b>37.960</b>	<b>(1.196.220)</b>	<b>11.434</b>

(\*) 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 15.525 are presented in "Other Assets", on the basis of related maturities.

(\*\*\*) Borrower funds amounting to TL 8.282 are presented in "Other Liabilities" on the basis of up to one month.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**IV. Explanations related to interest rate risk (continued)**

**Average interest rates applied to monetary financial instruments: %**

	EURO	USD	Yen	TL
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	-
Financial Assets at Fair Value through Profit and Loss	-	-	-	9,27
Money Market Placements		-	-	-
Available-for-Sale Financial Assets	5,59	6,43	-	10,53
Loans	4,29	4,23	-	12,21
Held-to-Maturity Investments	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,06	1,01	-	8,42
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	1,00	1,00	-	6,50
Funds Provided from Other Financial Institutions	1,45	1,18	-	-

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**IV. Explanations related to interest rate risk (continued)**

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing(*)	Total
<b>Assets</b>							
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
<b>Total Assets</b>	<b>2.178.354</b>	<b>3.043.223</b>	<b>2.505.676</b>	<b>843.550</b>	<b>357.091</b>	<b>528.007</b>	<b>9.455.901</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	940.668	6.028	1.058	-	-	-	947.754
Miscellaneous Payables	-	-	-	-	-	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
<b>Total Liabilities</b>	<b>3.326.620</b>	<b>2.869.783</b>	<b>1.401.236</b>	<b>42.980</b>	<b>234.290</b>	<b>1.580.992</b>	<b>9.455.901</b>
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)
<b>Total Position</b>	<b>(1.268.542)</b>	<b>(51.167)</b>	<b>1.494.206</b>	<b>642.510</b>	<b>240.402</b>	<b>(1.052.985)</b>	<b>4.424</b>

(\*) 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.

(\*\*\*) Funds borrowed amounting to TL 7.894 is presented in "Other Liabilities", on the basis of up to one month.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**IV. Explanations related to interest rate risk (continued)**

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

	EURO	USD	Yen	TL
<b>Prior Period</b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,02	1,78	-	6,08
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds	1,00	1,00	-	6,50
Funds Provided from Other Financial Institutions	1,97	0,88	-	10,30

**V. Explanations related to liquidity risk**

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

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

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

As seen on interest rate risk tables, the difference in interest rates of assets and liabilities is in 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.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations related to liquidity risk (continued)**

**Presentation of assets and liabilities according to their remaining maturities:**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	42.743	107.693	-	-	31.413	-	-	181.849
Banks	24.861	-	-	-	-	-	-	24.861
Financial Assets at Fair Value Through Profit and Loss	473	1.840	1.592	13.468	3.781	9.608	-	30.762
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	28	56.392	526.395	1.543.431	581.681	31.082	2.739.009
Loans	-	228.933	293.868	989.475	3.720.790	1.294.317	-	6.527.383
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	807	2.673	5.624	6.421	-	294.644	310.169
<b>Total Assets</b>	<b>68.077</b>	<b>339.301</b>	<b>354.525</b>	<b>1.534.962</b>	<b>5.305.836</b>	<b>1.885.606</b>	<b>325.726</b>	<b>9.814.033</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	501.606	112.554	308.075	2.390.611	3.425.434	-	6.738.280
Money Market Borrowings	-	1.158.768	160.254	944	-	-	-	1.319.966
Marketable Securities Issued	-	5	-	-	-	-	-	5
Miscellaneous Payables	-	-	-	-	-	-	83.315	83.315
Other Liabilities (***)	-	9.500	1.362	1.694	4.107	9.990	1.645.814	1.672.467
<b>Total Liabilities</b>	<b>-</b>	<b>1.669.879</b>	<b>274.170</b>	<b>310.713</b>	<b>2.394.718</b>	<b>3.435.424</b>	<b>1.729.129</b>	<b>9.814.033</b>
<b>Liquidity Gap</b>	<b>68.077</b>	<b>(1.330.578)</b>	<b>80.355</b>	<b>1.224.249</b>	<b>2.911.118</b>	<b>(1.549.818)</b>	<b>(1.403.403)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	56.774	415.817	338.622	1.149.533	5.143.298	1.993.533	358.324	9.455.901
Total Liabilities	-	1.338.572	135.021	569.319	2.457.468	3.374.529	1.580.992	9.455.901
<b>Liquidity Gap</b>	<b>56.774</b>	<b>(922.755)</b>	<b>203.601</b>	<b>580.214</b>	<b>2.685.830</b>	<b>(1.380.996)</b>	<b>(1.222.668)</b>	<b>-</b>

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

(\*\*) Finance lease receivables amounting to TL 15.525 are presented in "Other Assets", on the basis of related maturities.

(\*\*\*) Borrower funds amounting to TL 8.282 are presented in "Other Liabilities" on the basis of up to one month.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosures related to the assets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	68	171	123	157
Balances with the Central Bank of Turkey	40.023	141.499	5.267	115.495
Other	88	-	-	-
<b>Total</b>	<b>40.179</b>	<b>141.670</b>	<b>5.390</b>	<b>115.652</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	40.023	2.393	5.267	2.586
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (*)	-	139.106	-	112.909
<b>Total</b>	<b>40.023</b>	<b>141.499</b>	<b>5.267</b>	<b>115.495</b>

(\*) 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 Requirement” the upper limit of the above-mentioned facility has been raised to 45 percent, and the banks are allowed to hold Turkish Lira reserve requirements in USD and/or Euro over the total amount calculated by multiplying the first tranche corresponding to 40 percent of Turkish lira reserve requirements by a coefficient of “1”, and the second tranche corresponding to 5 percent of Turkish lira reserve requirements multiplied by a coefficient of “1,4” effective as of the calculation period dated 31 May 2012.

It has been decided to raise the upper limit of the above mentioned facility to 50 percent. The first tranche corresponding to 40 percent of Turkish Lira reserve requirements by a coefficient of “1”, as previously, and the second tranche corresponding to 5 percent of Turkish Lira reserve requirements multiplied by a coefficient of “1,4”, the third tranche of this facility corresponding to the additional 5 percent will be maintained in USD and/or Euro over the total amount calculated by multiplying by a coefficient of “1,7” effective from the calculation period dated 22 June 2012. In accordance with the “Communiqué Regarding the Reserve Requirements No. 2012/3, published on dated 28 March 2012 and No 28247, the upper limit for standard gold reserves that may be held to meet Turkish Lira reserve requirements has now been raised from 10% to 20%, while the limit for standard gold reserves that may be held to meet reserve requirements for foreign currency liabilities excluding precious metal deposit accounts has this time been decreased from 10% to 0%. The new regulation will be effective as of the calculation period dated 30 March 2012 and the maintenance period will begin on 13 April 2012.

The reserve rates for TL liabilities are between 5% and 11% for TL deposits according to their maturities as of 30 June 2012 (31 December 2011: 5% and 11% 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 30 June 2012 (31 December 2011: 6% and 11% for all foreign currency liabilities).

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

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

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

**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 2011: 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 2011: None).

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

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

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blocked (31 December 2011: 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 2011: None).

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

Held for trading financial derivative instruments	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2.205	354	6.507	6.446
Swap Transactions	6.024	13.161	5.454	8.265
Futures Transactions	-	-	-	-
Options	-	1.749	-	17.940
Other	-	-	-	-
<b>Total</b>	<b>8.229</b>	<b>15.264</b>	<b>11.961</b>	<b>32.651</b>

**3. Information on banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	3.575	1.200	6.752	9.622
Foreign	-	20.086	-	43.181
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>3.575</b>	<b>21.286</b>	<b>6.752</b>	<b>52.803</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1.137.017	-	642.410	55.757
Treasury bills	-	-	-	-
Other debt securities	-	272.861	-	144.927
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1.137.017</b>	<b>272.861</b>	<b>642.410</b>	<b>200.684</b>

**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 384.578 (31 December 2011: TL 523.961).

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	384.578	-	444.429	79.532
Other	-	-	-	-
<b>Total</b>	<b>384.578</b>	<b>-</b>	<b>444.429</b>	<b>79.532</b>

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

Available for sale financial assets comprise government bonds 73,46%, Eurobonds 11,73% and shares and other securities 14,81% (31 December 2011: government bonds 72,18%, Eurobonds 13,86% and shares and other securities 13,96%).

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

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

	Current Period	Prior Period
Debt securities	2.709.879	2.304.272
Quoted on a stock exchange	2.218.114	1.791.047
Unquoted	491.765	513.225
Share certificates	44.870	46.129
Quoted on a stock exchange	20.096	21.355
Unquoted	24.774	24.774
Impairment provision(-)	(15.740)	(29.895)
Other	-	-
<b>Total</b>	<b>2.739.009</b>	<b>2.320.506</b>

Net book value of unquoted available for sale share certificates is TL 15.984 (31 December 2011: TL 15.984).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**5. Information on loans**

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	181.217	117.413	101.924	117.413
Corporate shareholders	181.217	117.413	101.924	117.413
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	150	-	182	-
<b>Total</b>	<b>181.367</b>	<b>117.413</b>	<b>102.106</b>	<b>117.413</b>

**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	6.490.146	-	27.744	9.493
Discount notes	-	-	-	-
Export loans	193.468	-	-	-
Import loans	-	-	-	-
Investment loans	3.892.569	-	14.702	8.480
Loans given to financial sector	851.260	-	-	-
Foreign loans	20.112	-	-	-
Consumer loans	150	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	1.532.587	-	13.042	1.013
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>6.490.146</b>	<b>-</b>	<b>27.744</b>	<b>9.493</b>

(\*) The Bank's finance lease receivables are TL 15.525 (31 December 2011: TL 28.400) and TL 2.265 (31 December 2011: TL 3.748) 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.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**5. Information on loans (continued)**

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans-TL	133	17	150
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	133	17	150
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)	-	-	-
<b>Total</b>	<b>133</b>	<b>17</b>	<b>150</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**5. Information on loans (continued)**

**5.d Information on commercial loans with 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 2011: None).

**5.e Domestic and foreign loans:**

	Current Period	Prior Period
Domestic loans	6.507.271	6.345.585
Foreign loans	20.112	21.465
<b>Total</b>	<b>6.527.383</b>	<b>6.367.050</b>

**5.f Loans granted to subsidiaries and associates:**

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	214.602	200.426
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>214.602</b>	<b>200.426</b>

**5.g Specific provisions provided against loans:**

	Current Period	Prior Period
Loans and receivables with limited collectibility	59	5.313
Loans and receivables with doubtful collectibility	5.978	5.978
Uncollectible loans and receivables	14.019	14.382
<b>Loans and receivables with limited collectibility</b>	<b>20.056</b>	<b>25.673</b>

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

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
<b>Current Period</b>			
(Gross amounts before provisions)	-	5.977	4.419
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	5.977	4.419
<b>Prior Period</b>			
(Gross amounts before provisions)	-	5.977	4.576
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	5.977	4.576

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**5. Information on loans (continued)**

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
<b>Prior period end balance</b>	<b>5.313</b>	<b>5.978</b>	<b>14.382</b>
Additions (+)	59	-	60
Transfers from other categories of non-performing Loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-) (*)	(5.313)	-	(423)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current period end balance</b>	<b>59</b>	<b>5.978</b>	<b>14.019</b>
Specific provision (-)	(59)	(5.978)	(14.019)
<b>Net Balances on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Transfer to 2<sup>nd</sup> Group Receivables amounting to TL 4.443 is included in "Collections" line.

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
<b>Current Period</b>			
Period End Balance	56	5.977	5.392
Specific Provision (-)	(56)	(5.977)	(5.392)
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period</b>			
Period End Balance	3.306	5.977	5.392
Specific Provision (-)	(3.306)	(5.977)	(5.392)
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**5. Information on loans (continued)**

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	59	5.978	8.676
Specific Provision Amount (-)	(59)	(5.978)	(8.676)
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)	-	-	-
<b>Prior Period (Net)</b>			
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)	-	-	-

**5.i Main principles of liquidating loans and receivables:**

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

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

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



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**6. Information on held-to-maturity investments**

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

**6.a.1** As of the reporting date, the Bank has no held-to-maturity investments securities given as collateral or blocked (31 December 2011: None).

**6.a.2** As of the reporting date, the Bank has no investment securities held-to-maturity subject to repurchase agreements (31 December 2011: TL 124.046).

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

As of the reporting date, the Bank has no investment securities held-to-maturity (31 December 2011: TL 126.955).

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

	Current Period	Prior Period
Debt Instrument	-	126.955
Quoted	-	126.955
Unquoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	-	<b>126.955</b>

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

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

(\*) The amount mentioned above comprises redemption of held to maturity investments on 15 February 2012.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**7. Information on associates (net)**

**7.a.1 Information on associates:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Factoring Finansman Hizmetleri A.Ş. (İş Factoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	57,36
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	20,00

	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)	683.612	54.295	655	22.526	15	(95)	8.236	-
İş Finansal (2)	1.610.326	505.595	1.059	54.733	763	20.628	46.030	96.656
İş Girişim (3)	238.193	192.561	6.428	-	-	12.842	42.023	19.610
Terme (4)	17.708	3.562	712	86	-	(31)	575	-
Ege Tarım (5)	11.273	10.863	7.374	132	-	(229)	77	-

- (1) Represents un-reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from audited 31 December 2011 financial statements.
- (2) Represents reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from audited 31 December 2011 financial statements. Fair value is presented as of 30 June 2012.
- (3) Represents reviewed 31 March 2012 consolidated financial statements. Prior year profit/loss is obtained from audited 31 December 2011 financial statements. Fair value is presented as of 30 June 2012.
- (4) Represents un-reviewed 31 March 2012 financial statements. Prior year profit/loss is obtained from un-audited 31 December 2011 financial statements.
- (5) Represents un-reviewed 30 June 2012 financial statements. year profit/loss is obtained from un-audited 31 December 2011 financial statements

**7.a.2 Information on associates:**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>129.479</b>	<b>138.163</b>
Movements During the Period	(10.272)	(8.684)
Purchases	300	800
Bonus Shares Obtained	15.540	12.566
Current Year Share of Profit	-	-
Sales	-	(392)
Revaluation Increase	-	-
Provision for Impairment	(26.112)	(21.658)
<b>Balance at the End of the Period</b>	<b>119.207</b>	<b>129.479</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

**TÜRKİYE SINAI KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**7. Information on associates (net) (continued)**

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

In the current period, the Bank has obtained bonus shares of İş Finansal Kiralama A.Ş. amounting to TL 14.280 with capital increase of TL 50.000 and has obtained bonus shares of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. amounting to TL 1.260 with capital increase of TL 7.560. In the meeting of the General Assembly of Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. held on 22 March 2012; it has been resolved that, paid-in capital of the Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. will be increased from TL 8.000 to TL 11.000 paid in cash and the Bank has made a capital commitment with the shares of 10% amounting to TL 300 and has paid the amount on 1 June 2012.

In the prior period, 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 İzmir 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 12.566 with capital increase of TL 44.000.

**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	96.656	110.373
Financial Service Companies	-	-
Other Associates	21.000	17.555

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	116.265	126.837
Associates quoted on foreign stock exchanges	-	-

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

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

In the prior period, the Bank has sold Gözlük Sanayi A.Ş., with a non-controlling interest of 21,71% and net book value of TL 392, 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.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**8. Information on subsidiaries (net)**

**8.a.1 Information on subsidiaries:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Turkey	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YF MEN. DEĞ.)	Istanbul /Turkey	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	59,00	66,84
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)	7.588	6.248	1.421	-	-	1.697	1.739	-
YF MEN.DEĞ. (2)	596.328	66.738	1.557	9.523	613	1.560	5.940	-
TSKB GYO (3)	345.793	227.379	321.960	806	-	9.283	(2.838)	57.525
TSKB YO (4)	42.948	42.832	-	11	1.439	4.182	(3.527)	5.042
TG A.Ş. (5)	712	711	17	-	-	(70)	449	-
TGD A.Ş. (6)	382	348	26	-	-	(3)	32	-

- (1) Represents un-reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from 31 December 2011 financial statements.
- (2) Represents reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from audited 31 December 2011 financial statements.
- (3) Represents reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from audited 31 December 2011 financial statements. Fair value is presented as of 30 June 2012.
- (4) Represents reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from audited 31 December 2011 financial statements. Fair value is presented as of 30 June 2012.
- (5) Represents un-reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from 31 December 2011 financial statements.
- (6) Represents un-reviewed 30 June 2012 financial statements. Prior year profit/loss is obtained from 31 December 2011 financial statements.

**8.a.2 Information on subsidiaries:**

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>118.888</b>	<b>142.691</b>
Movements in period	12.002	(23.803)
Purchases	-	-
Bonus shares obtained	7.184	7.662
Current year share of profit	-	-
Sales	-	-
Revaluation increase	4.818	-
Provision for impairment	-	(31.465)
<b>Balance at the end of the period</b>	<b>130.890</b>	<b>118.888</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**8. Information on subsidiaries (continued)**

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Subsidiaries	130.890	118.888

**8.a.4 Subsidiaries quoted on stock market:**

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	62.567	57.749
Subsidiaries quoted on foreign stock exchanges	-	-

In the current period, the Bank has obtained bonus shares of Yatırım Finansman Menkul Değerler A.Ş. amounting to TL 7.184 with capital increase of TL 7.500.

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

**8.a.5 Subsidiaries sold in the current period:**

The Bank has not sold any subsidiaries in the current period (31 December 2011: None).

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 of the required issues related with merger. According to expert studies and reports for merging of TSKB Yatırım Ortaklığı A.Ş and İş Yatırım Ortaklığı A.Ş., the share exchange rate was determined as 89,23%. Accordingly, 0,08923 kuruş shares of İş Yatırım Ortaklığı A.Ş. has given for every 0,01 kuruş nominal share of TSKB Yatırım Ortaklığı A.Ş.. After merger, the paid in capital of İş Yatırım Ortaklığı A.Ş. has raised to 16.059.928.400 share, amounting to TL 160.599 and share of the Bank has become 3,15%. In order to generate a final partnership structure, in accordance with net asset values of the companies mentioned above, the Parent Bank shall transfer Group A shares to İş Yatırım Menkul Değerler A.Ş. amounting to TL 1.884 and shall receive Group B shares at equivalent value in return.

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

The Bank has not purchased any subsidiaries in the current period (31 December 2011: None).

**9. Information on entities under common control**

The Bank has no entities under common control as of the reporting date (31 December 2011: None).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

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

**10.a Maturities of investments on finance leases:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	9.534	9.104	726	711
Between 1- 4 years	6.573	6.421	28.851	27.689
More than 4 years	-	-	-	-
<b>Total</b>	<b>16.107</b>	<b>15.525</b>	<b>29.577</b>	<b>28.400</b>

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

	Current Period	Prior Period
<b>Gross investments in finance leases</b>	<b>16.107</b>	<b>29.577</b>
Unearned revenue from finance leases (-)	(582)	(1.177)
Cancelled finance leases (-)	-	-
<b>Net investments in finance leases</b>	<b>15.525</b>	<b>28.400</b>

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

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

**11. Information on derivative financial assets for hedging purposes**

The Bank has no derivative financial assets for hedging purposes as of the reporting date (31 December 2011: None).

**12. Information on investment property**

The Bank has no investment property (31 December 2011: None).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**13. Information on deferred tax assets**

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

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

<b>Deferred tax asset:</b>	<b>Current Period</b>	<b>Prior Period</b>
Loan commissions accrual adjustment	12.352	12.090
Other provisions	7.550	8.062
Marketable securities	-	1.131
Employee benefit provision	933	758
Other	1.261	1.285
<b>Total Deferred Tax Asset</b>	<b>22.096</b>	<b>23.326</b>
<b>Deferred tax liability:</b>		
Marketable securities	(9.035)	(4.902)
Borrowing commissions accrual adjustment	(2.230)	(1.832)
Valuation of derivative instruments	(2.253)	(1.684)
Useful life difference of fixed assets	(752)	(768)
Other	-	-
<b>Total Deferred Tax Liability</b>	<b>(14.270)</b>	<b>(9.186)</b>
<b>Net Deferred Tax Asset</b>	<b>7.826</b>	<b>14.140</b>

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

The Bank has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods (31 December 2011: None).

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

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance (31 December 2011: None).

**14. Information on assets held for sale**

In the current period, the Bank has no assets held for sale (31 December 2011: None).

**15. Information about other assets:**

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

Other assets are not exceeding 10% of total assets, excluding off-balance sheet commitments (31 December 2011: None).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

**II. Explanations and disclosures related to the liabilities**

**1. Information of maturity structure of deposits**

**1.a.1 Maturity structure of deposits:**

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

**2. Information on derivative financial liabilities held-for-trading**

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

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.952	354	6.119	5.038
Swap Transactions	-	14.154	351	15.528
Futures Transactions	-	-	-	-
Options	-	1.911	-	17.940
Other	-	-	-	-
<b>Total</b>	<b>1.952</b>	<b>16.419</b>	<b>6.470</b>	<b>38.506</b>

**3. Information on funds borrowed**

**3.a Information on banks and other financial institutions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	-	441.600	10.006	226.584
From Foreign Banks, Institutions and Funds	-	6.206.190	13.757	6.528.936
<b>Total</b>	<b>-</b>	<b>6.647.790</b>	<b>23.763</b>	<b>6.755.520</b>

**3.b Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	446.985	23.763	533.785
Medium and long-term	-	6.200.805	-	6.221.735
<b>Total</b>	<b>-</b>	<b>6.647.790</b>	<b>23.763</b>	<b>6.755.520</b>



**SECTION FIVE (Continued)**

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

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

**4. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total**

There are no other liabilities, which exceed 10% of the balance sheet total (31 December 2011: None).

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

**5.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 financial lease transactions with the Bank's associate; İş Finansal Kiralama A.Ş.. The lease agreements are paid in equal instalments. There are no issues in these agreements which would cause significant liabilities to the Bank.

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

There are no changes in financial leasing contracts.

**5.c Explanations on finance lease payables:**

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

**5.d Explanations regarding operational leases:**

As of the reporting date, the Bank's 2 head office buildings and 2 branches are subject to operational leasing. The Bank has no liability for operational leases in the current period (31 December 2011: 2 head office buildings, 2 branches under operational leasing).

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

The Bank has no sale and lease back transactions as of the reporting date (31 December 2011: None).

**6. Information on derivative financial liabilities for hedging purposes**

The Bank has no derivative financial liabilities for hedging purposes as of the reporting date (31 December 2011: None).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**7. Information on provisions**

**7.a Information on general provisions:**

	Current Period	Prior Period
General Provisions	<b>78.606</b>	<b>64.564</b>
Provisions for First Group Loans and Receivables	68.402	57.306
Provisions for Second Group Loans and Receivables	735	994
Provisions for Non-Cash Loans	2.689	2.220
Other	6.780	4.044

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

The foreign exchange losses on the foreign currency indexed loans amount to TL 13.416 (31 December 2011: TL 1.199). The foreign exchange losses on the foreign currency indexed loans are netted off from the loans in the financial statements.

**7.c Information related to other provisions:**

**7.c.1 Provision for possible losses**

	Current Period	Prior Period
Provisions for Possible Losses	-	-

**7.c.2 If other provisions exceed 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 (*)	37.765	40.308
<b>Total</b>	<b>37.765</b>	<b>40.308</b>

(\*) Other provision account includes TL 35.000 of provision for possible risks on credit portfolio in the future period (31 December 2011: TL 40.000).

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

The Bank has signed an agreement with the International Finance Corporation for a subordinated loan of USD 50 Million (TL 89.750). The interest accrued on this loan is TL 740 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 3,98% (0,73+3,25 spread). Principal of the loan will be repaid on 15 October 2016 as a whole.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**9. Information on taxes payable**

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable (*)	21.455	-	13.583	-
Deferred tax liability	-	-	-	-
<b>Total</b>	<b>21.455</b>	<b>-</b>	<b>13.583</b>	<b>-</b>

(\*) As of 30 June 2012, Corporate Tax Provision is TL 42.172 and netted off from Prepaid Tax of TL 20.717 (31 December 2011: Corporate Tax Provision is TL 49.201 and netted off from Prepaid Tax of TL 35.618).

**9.a Information on deferred taxes liabilities:**

At the reporting date, the Bank has no deferred tax liability (31 December 2011: None).

**9.a.1 Information on taxes payable:**

	Current Period	Prior Period
Corporate taxes payable	21.455	13.583
Taxation of securities	676	927
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	930	912
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	85	80
Other	799	860
<b>Total</b>	<b>23.945</b>	<b>16.362</b>

**9.a.2 Information on premiums:**

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	18	17
Unemployment insurance-Employer	35	34
Other	-	-
<b>Total</b>	<b>53</b>	<b>51</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**10. Information on shareholders' equity**

**10.a Presentation of paid-in capital:**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	1.100.000	800.000
Preferred stock	-	-

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

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Capital System	1.100.000	2.500.000

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 5<sup>th</sup> 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 11<sup>th</sup> article numbered 2499, the registered capital increase request of the Bank is approved by Capital Markets Board of Turkey, published in Turkish Registry Gazette dated 5 April 2012 and numbered 8042.

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

In the current period, the Bank's share capital has increased by TL 300.000. In the meeting of the General Assembly held on 26 March 2012; it has been resolved that, paid-in capital of the Bank will be increased from TL 800.000 to TL 1.100.000 by TL 300.000. In respect of the resolution of the General Assembly, TL 137.000 of this increase will be incorporated from the profit of the year 2011 and the remaining TL 163.000 will be incorporated from extraordinary reserves. The increase in paid-in capital was approved by the BRSA 6 June 2012 and has been published in the Turkish Trade Registry Gazette No: 8088 on 12 June 2012.

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 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.

**10.d Information on share capital increases from capital reserves:**

In the current period there is no share capital increases from capital reserves (31 December 2011: None).

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

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**10. Information on shareholders' equity (continued)**

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

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

**10.g Information on preferred shares:**

The Bank has no preferred shares (31 December 2011: None).

**10.h Information on marketable securities value increase fund:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control	(38.364)	-	(17.070)	-
Valuation Differences	2.257	41.211	(10.233)	20.006
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(36.107)</b>	<b>41.211</b>	<b>(27.303)</b>	<b>20.006</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**1. Information on off-balance sheet liabilities:**

**1.a Nature and amount of irrevocable loan commitments:**

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

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

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

As at the reporting date, total letters of credit are TL 659.820 (31 December 2011: TL 559.929).

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

As at the reporting date, total letters of guarantee given by the Bank is TL 665.032 (31 December 2011: TL 689.477).

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

	<b>Current Period</b>	<b>Prior Period</b>
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	1.348.664	1.268.979
<b>Total</b>	<b>1.348.664</b>	<b>1.268.979</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

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

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industrial	159.189	52	1.026.642	99	151.208	51	948.748	97
Mining	-	-	-	-	-	-	-	-
Manufacturing Industry	4.393	1	284.262	27	4.391	1	272.765	28
Electricity, Gas, Water	154.796	51	742.380	72	146.817	50	675.983	69
Construction	4.285	1	4.517	-	4.785	2	4.882	1
Services	138.785	46	11.238	1	138.454	46	16.894	2
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	-	-
Financial Institutions	138.365	46	10.770	1	138.131	46	16.400	2
Real Asset and Leasing Services	420	-	468	-	323	-	494	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	4.008	1	-	-	4.008	1	-	-
<b>Total</b>	<b>306.267</b>	<b>100</b>	<b>1.042.397</b>	<b>100</b>	<b>298.455</b>	<b>100</b>	<b>970.524</b>	<b>100</b>

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

	Ist Group				IInd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	<b>306.267</b>	<b>1.042.397</b>	<b>298.455</b>	<b>970.524</b>	-	-	-	-
Letters of Guarantee	285.629	379.403	278.215	411.262	-	-	-	-
Bank Acceptances	-	3.174	-	3.333	-	-	-	-
Letters of Credit	-	659.820	-	555.929	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	20.638	-	20.240	-	-	-	-	-

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**2. Explanations on contingent liabilities and assets**

There are 15 legal cases against the Bank which are amounting to TL 825 as of the reporting date (31 December 2011: TL 337- 10 legal cases).

**IV. Explanations and disclosures related to the income statement**

**1. Information on interest income**

**1.a Information on interest on loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	4.572	4.682	7.625	2.805
Medium and long term loans	40.401	111.855	37.615	79.488
Interest on non-performing loans	219	329	6.256	1.740
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>45.192</b>	<b>116.866</b>	<b>51.496</b>	<b>84.033</b>

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

**1.b Information on interest received from banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	42	220	6.023	38
Foreign banks	1	-	-	36
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>43</b>	<b>220</b>	<b>6.023</b>	<b>74</b>

**1.c Information on interest received from marketable securities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	1.032	-	1.953	1
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Available for Sale Financial Assets	104.945	14.534	64.186	12.641
Investments Held to Maturity	7.693	-	17.969	-
<b>Total</b>	<b>113.670</b>	<b>14.534</b>	<b>84.108</b>	<b>12.642</b>

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	4.173	4.352



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

**2. Information on interest expenses**

**2.a Information on interest on funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	52	3.052	456	2.967
The Central Bank of Turkey	-	-	393	-
Domestic banks	32	303	62	392
Foreign banks	20	2.749	1	2.575
Branches and head office abroad	-	-	-	-
Other financial institutions	-	43.560	-	30.815
<b>Total (*)</b>	<b>52</b>	<b>46.612</b>	<b>456</b>	<b>33.782</b>

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

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

The Bank has no interest expense to its associates and subsidiaries.

**3. Information on net trading income (net)**

	Current Period	Prior Period
<b>Profit</b>	<b>214.127</b>	<b>294.212</b>
Gains on capital market operations	1.226	2.427
Gains on derivative financial instruments(*)	59.153	94.730
Foreign exchange gains	153.748	197.055
<b>Losses (-)</b>	<b>(210.788)</b>	<b>(297.441)</b>
Losses on capital market operations	(1.370)	(4.429)
Losses on derivative financial instruments(*)	(59.394)	(89.878)
Foreign exchange losses	(150.024)	(203.134)

(\*) Foreign exchange gain from derivative transactions amounting to TL 37.715 is presented in "Profit on derivative financial instruments" (30 June 2011: 56.461 TL), foreign exchange loss from derivative transactions amounting to TL (30.801) is presented in "Losses on derivative financial instruments" (30 June 2011: TL (48.030)).

**4. Information related to other operating income**

	Current Period	Prior Period
Provisions Released	11.715	7.738
Gains on Sale of Assets	483	4.293
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	456	-
From Property Sales	27	-
From Other Asset Sales	-	4.293
Other	1.930	922
<b>Total</b>	<b>14.128</b>	<b>12.953</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Specific provisions for loans and other receivables	119	79
III. Group	59	-
IV. Group	-	-
V. Group	60	79
General provision expenses	14.042	11.062
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	519	1.291
Trading securities	12	130
Investment securities available for sale	507	1.161
Impairment provisions	-	162
Associates	-	162
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other	-	10
<b>Total</b>	<b>14.680</b>	<b>12.604</b>

**6. Information related to other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel expenses	22.047	21.076
Reserve for employee termination benefits	208	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	678	662
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	123	158
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	10	30
Depreciation expenses of assets for resale	5	585
Impairment expenses of assets held for sale	-	-
Other operating expenses	7.491	7.117
Rent expenses	3.380	2.989
Maintenance expenses	269	190
Advertisement expenses	193	451
Other expenses	3.649	3.487
Loss on sale of assets	-	-
Other	4.950	3.776
<b>Total</b>	<b>35.512</b>	<b>33.404</b>

**SECTION FIVE (Continued)**

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

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

**7. Information on tax provision for taxes on income**

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

The Bank's current tax charge for the period is TL 42.172 (30 June 2011: TL 24.158). Deferred tax benefit is TL 1.544 (30 June 2011: TL 5.380 tax charge).

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

Deferred tax benefit calculated on temporary differences is TL 1.544 (30 June 2011: TL 5.380 tax charge).

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

As of 30 June 2012 deferred tax benefit calculated based on temporary differences is TL 1.544 (30 June 2011: TL 5.380 tax charge). There is no deferred tax benefit or charge reflected to the income statement on carry forward tax losses, tax deductions and exceptions (30 June 2011: None).

In addition, TL 12.069 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 2011: TL 4.211).

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

As of 30 June 2012, profit before tax of the Bank has increased by 33,61% (30 June 2011: 5,16%).

**9. Information on net profit/loss**

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

The Bank has generated TL 297.015 interest income, TL 83.690 interest expenses and TL 5.639 net fee and commission income from banking operations (30 June 2011: TL 239.708 interest income, TL 73.769 interest expense, TL 5.186 net fee and commission income).

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

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

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

There is no profit and loss attributable to non-controlling interest in the accompanying unconsolidated financial statements (30 June 2011: None).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE (Continued)**

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

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

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

None, other than other operating income explained in note IV.4 and other operating expenses explained in note IV.6, exceeds 10% of the income statement.

**V. Explanations on the risk group of the Bank**

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

**1.a Current period:**

Risk Group of the Bank	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash		Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	200.426	490	57.506	117.413	41.643	-
Balance at end of period	214.602	422	93.253	117.413	35.487	20.638
Interest and commission income	4.170	3	879	147	914	-

**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	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 received (*)	4.349	3	1.077	147	945	-

(\*) The information is related to 30 June 2011.

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

The Bank is not authorized to accept deposits.

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

The Bank has no foreign currency swap transactions and foreign currency swap sell transactions with the Bank's own risk group.

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

Benefits provided to the key management personnel in the current period amount to TL 5.048 (30 June 2011: TL 4.681).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other explanations related to operations of the Bank**

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

**FITCH RATINGS**

Long-term Maturity Foreign Currency (issuer)	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
Support Note	3
National Note	AA+
National Note Outlook	Stable

Information above is received from Fitch Ratings report dated 5 July 2012.

**MOODY'S**

Financial Rating Note	D+
<b>Foreign Currency (issuer)</b>	
Long-term Maturity	Baa3
Outlook	Stable
Short-term Maturity	P-3
<b>Domestic Currency (issuer)</b>	
Long-term Maturity	Baa3
Outlook	Stable
Short-term Maturity	P-3

Information above represents updated information as of 3 July 2012.

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

Subsequent to parallel implementation of BASEL II calculations of BRSA is complemented as at 30 June 2012, “consistent” application of BASEL II is initiated as at 1 July 2012. Regulations about BASEL II applications are published in the Official Gazette numbered 28337 dated 28 June 2012. Within the framework of the final Basel II regulation, the calculations starting as at 31 July 2012 will be reported to the BRSA in August 2012.

In the Group A Privileged Shareholders General Assembly of TSKB Yatırım Ortaklığı A.Ş. dated 29 June 2012, it was decided TSKB Yatırım Ortaklığı A.Ş. to merge with İş Yatırım Ortaklığı Anonim Şirketi within the Turkish Commercial Code 451 and 19 and 20<sup>th</sup> clauses and within Communiqué on Principles Regarding Mergers, Serial: 1, No:31 of Capital Market Board (“CMB”). “The merger agreement” has been registered by Istanbul Trade Registry Office on 16 July 2012 and has been published in the Trade Registry Gazette numbered 8116, dated 20 July 2012.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION SIX**

**OTHER EXPLANATIONS (Continued)**

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

As published in the Official Gazette No. 28373 dated 3 August 2012, changes below effective from 17 August 2012 are made to the Communiqué on the Statutory Reserve Requirements:

- i. 50 percent of the FC reserves held for TL reserve requirements is mandatory to be kept in USD. The rest may be held as either EUR or USD.
- ii. The TL amount of the FC reserve deposits must be valued by the buying FX rates published in the Official Gazette as of the calculation date of the reserves.
- iii. The short amount not exceeding 5 percent of the TL reserve requirements for a given reserve period may be held in the next reserve period. The excessive amount not exceeding 5 percent of the TL reserve requirements for a given reserve period may be deducted from the reserves for the next period.

**SECTION SEVEN**

**INDEPENDENT AUDITORS' REVIEW REPORT**

**I. Explanations on the independent auditors' review report**

Unconsolidated financial statements and the notes to the financial statements as at 30 June 2012 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("the Turkish member firm of KPMG International Cooperative, a Swiss entity"). The independent auditors' review report dated 8 August 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.