

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT ACCOUNTANTS'
LIMITED REVIEW REPORT
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
30 JUNE 2007**

*Translated into English from the
Original Turkish Report*

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

**TÜRKİYE SINAİ KALKINMA BANKASI ANONİM ŞİRKETİ
AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD 1 JANUARY – 30 JUNE 2007**

We have reviewed the accompanying consolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("The Bank") and its subsidiaries (together "the Group") as at 30 June 2007 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These consolidated financial statements are the responsibility of the Bank's management. As independent accountants our responsibility is to issue a report based on the review performed on these consolidated financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards 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 reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. 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 consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Group for the period ended 30 June 2007 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 and 38 of the Banking Act No: 5411, and other regulations and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency.

Without affecting our conclusion above, we would like to draw attention to the following:

Since the Bank is a subsidiary of a bank, it had no obligation to prepare consolidated financial statements in accordance with the prevailing legislation previously. As of 31 December 2006, the Bank was a first time adaptor of the consolidated financial statements in accordance with Clause 3 in Article 5 of the Communiqué regarding the preparation of consolidated financial statements of banks issued by BRSA on 8 November 2006. Based on the statement “Requirement for preparing comparative consolidated financial statements is not applicable before 31 December 2007” in the 1st Provisional Article of the related Communiqué applicable for subsidiary banks of a local bank, the accompanying consolidated statements of income, changes in shareholders’ equity and cash flows are not comparatively presented.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Banks’s financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kılıç
Partner

İstanbul, 22 August 2007

**THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007**

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The interim consolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE CONSOLIDATED GROUP
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The subsidiaries, associates and jointly controlled entities, financial statements of which are consolidated within the framework of the reporting package are as follows:

<u>Subsidiaries</u>	<u>Associates</u>
1. Yatırım Finansman Menkul Değerler A.Ş.	İş Finansal Kiralama A.Ş.
2. Yatırım Finansman Yatırım Ortaklığı A.Ş.	İş Factoring Finansman Hizmetleri A.Ş.
3. TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
4. TSKB Yatırım Ortaklığı A.Ş.	

The consolidated interim financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of New Turkish Lira, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently reviewed and presented as attached.

22 August 2007

President of the Board of Directors	General Manager	Assistant General Manager Responsible for Financial Reporting	Group Manager for Financial Control
İsmet Cahit Kocaömer	Halil Eroğlu	Ömer Eryılmaz	Mustafa Göktaş
	Member of the Audit Committee	Member of the Audit Committee	
	Mahmut Magemizoğlu	Murat Bilgiç	

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title: Mustafa Göktaş/ Group Manager for Financial Control

Telephone Number: (212) 334 51 92

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2007

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

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

SECTION ONE

GENERAL INFORMATION

I. Parent Bank’s Incorporation Date, Beginning Statute, Changes in the Existing Statute

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 authority of “Accepting Deposit”. Since the establishment date of the Bank, there is no change in its “Development and Investment Bank” status.

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

Türkiye İş Bankası A.Ş. has the authority of managing and controlling power indirectly or directly, alone or together with other shareholders.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

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

SECTION ONE (Cont'd)

GENERAL INFORMATION (Cont'd)

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

<u>Title</u>	<u>Name and Surname</u>	<u>Academic Background</u>	<u>Experience in Banking and Management Before Appointment</u>
Chairman of the Board of Directors	İsmet Cahit Kocaömer	Undergraduate	53 years
Vice Chairman of the Board of Directors	Kadir Akgöz	Undergraduate	28 years
Members of the Board of Directors (*)	Yavuz Canevi	Undergraduate	13 years
	Mahmut Magemizoğlu	Postgraduate	23 years
	Ali Onur Özbilen	Undergraduate	30 years
	Burhanettin Kantar	Undergraduate	16 years
	Kemal Serdar Dişli	Undergraduate	19 years
	Murat Bilgiç	Undergraduate	15 years
	Cem Demirağ	Undergraduate	15 years
	Memduh Aslan Akçay (**)	Postgraduate	17 years
Member of the Board of Directors and General Manager	Halil Eroğlu	Undergraduate	24 years
Assistant General Managers	Şemseddin Arat	Undergraduate	23 years
	A.Orhan Beşkök	Undergraduate	19 years
	Şeniz Yarcın	Undergraduate	16 years
	Burak Akgüç	Undergraduate	15 years
	Ömer Eryılmaz	Undergraduate	20 years
	Çiğdem İcel	Undergraduate	17 years
Statutory Auditors	Mustafa Darcan	Undergraduate	18 years
	Aziz Ferit Eraslan	Undergraduate	14 years

Changes

<u>Title</u>	<u>Left during the period</u>	<u>Appointed during the period</u>
Statutory Auditors	Senar Akkuş	Aziz Ferit Eraslan
	<u>Left after the period</u>	<u>Appointed after the period</u>
Members of Board of Directors	Senar Gencer	Kemal Serdar Dişli
Members of Board of Directors	Adnan Bali	Mahmut Magemizoğlu

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

(**) Memduh Aslan Akçay was appointed by the resolution of the Board of the Directors numbered 1796 on 27 April 2007 .

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

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

SECTION ONE (Cont'd)

GENERAL INFORMATION (Cont'd)

IV. Information About the Persons and Institutions That Have Qualified Shares in the Parent Bank

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

Name Surname/Business Name	Share Capital	Shareholding Rate(%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	200.391	50,09	200.391	-
T. Vakıflar Bankası T.A.O	33.510	8,38	33.510	-
Under Custody at Merkezi Kayıt Kuruluşu (National Custody Institution)	132.782	33,20	132.782	-
Other	33.317	8,33	33.317	-
Total	400.000	100,00	400.000	-

V. Summary on the Parent 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 mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aim of developing private sector by financing, 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 4000 firms. Since 1960's the Bank had continued to finance over 100 firms by investing in these entities as a shareholder. The Bank has also participated in improvement of capital markets by organizing public offerings of some firms.

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

(Amounts expressed in thousands of New Turkish Lira (TRY) 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.

Banks shall not finalize their legal and auxiliary books, records and balance sheets without ensuring reconciliation with the branches and domestic and foreign correspondents.

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

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

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

The main sources of the funds of the Group have variable interest rates. The financial balances are monitored regularly, and fixed and variable interest rate placements are undertaken according to the return on the 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 debt securities portfolio have the attribute of eliminating the risks of interest rate volatility.

The Group 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, the creditors expectations and their tendencies, interest-liquidity 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 harmonising the profitability of the project, the collateral and the value add introduced by the Bank.

The movements of foreign exchange rates in the market, the interest rate and the 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions (Cont'd)

The Group's strategies 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 formulated 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 foreign currency basket.

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 New Turkish Lira using foreign exchange bid rate as of the balance sheet date, and the resulting gains and losses are recorded in foreign exchange gains or losses.

III. Information about the Parent Bank and its Subsidiaries subject to Consolidation

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş., TSKB Yatırım Ortaklığı A.Ş. and Yatırım Finansman Yatırım Ortaklığı A.Ş. are included in the accompanying consolidated financial statements by line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Factoring Finansman Hizmetleri A.Ş. are included in the accompanying consolidated financial statements by equity method. Financial institutions included in the consolidation are determined in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 numbered 26340. The Parent Bank and the entities included in the consolidation hereinafter will be referred to as "the Group".

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in the Turkish Commercial Code and/or Financial Leasing Law and communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of 30 June 2006.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

III. Information about the Parent Bank and its Subsidiaries subject to Consolidation (Cont'd)

Yatırım Finansman Menkul Değerler A.Ş. :

Yatırım Finansman Menkul Değerler A.Ş. was established and registered in İstanbul Trade Registry on 15 October 1976 and it was announced in the Turkish Trade Registry Gazette No: 81 on 25 October 1976. The name of the Company was changed into Yatırım Finansman Menkul Değerler A.Ş. by the announcement made in the Turkish Trade Registry Gazette No: 4762 on 2 April 1999. The Company's purpose is to perform capital market operations specified in the Company's main contract in accordance with the CMB and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on 29 December 2006.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

Core business of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The Company was established on 3 February 2006.

Yatırım Finansman Yatırım Ortaklığı A.Ş. :

Yatırım Finansman Yatırım Ortaklığı A.Ş., was established and registered in İstanbul Trade Registry on 31 December 1998 and it was announced in the Turkish Trade Registry Gazette No: 4714 on 18 January 1999. The purpose of Yatırım Finansman Yatırım Ortaklığı A.Ş. is to manage capital market instruments and gold or other precious metal portfolios in the local or international markets or over-the-counter markets, without having the control of management and capital of the investees, under the Capital Markets Law No: 2499 as amended y Law No: 3794, and the related legislation.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. was established on 8 February 1988 and it has been performing its operations in accordance with the Turkish Leasing Law No: 3226. The Company started its leasing operations in July 1998. The Company's headquarters is located at İş Kuleleri, Kule:2 Kat:10 34330 Levent-İstanbul/Türkiye.

TSKB Yatırım Ortaklığı A.Ş. :

The Company was established under the name of SYB Yatırım Ortaklığı A.Ş. on 10 November 2000. The Company's name, Sınai Yatırım Bankası Yatırım Ortaklığı A.Ş., was changed into TSKB Yatırım Ortaklığı A.Ş. on 17 April 2003 since Sınai Yatırım Bankası A.Ş. ceased to operate and it was transferred to Türkiye Sınai Kalkınma Bankası A.Ş. The name change was published in the Turkish Trade Registry Gazette No: 5784 on 24 April 2003. The Company's headquarter is in İstanbul.

The purpose of TSKB Yatırım Ortaklığı A.Ş. is to manage capital market instruments and gold or other precious metal portfolios in the local or international markets or over-the-counter markets, without having the control or significant effect over/on management and capital of the investees, under the principles and guidelines specified by the related legislation.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

III. Information about the Parent Bank and its Subsidiaries subject to Consolidation (Cont'd)

İş Factoring Finansman Hizmetleri A.Ş. :

İş Factoring Finansman Hizmetleri A.Ş., was incorporated in Turkey on 4 July 1993 and started its operations in October 1993. The Company's main operation is domestic and export factoring transactions. The Company is a Türkiye İş Bankası A.Ş. Group entity and its parent is İş Finansal Kiralama A.Ş. with 78,23% shareholding. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 21,75%.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

Principal business of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. is to make long-term investments in existing companies in Turkey or to be established in Turkey, having a development potential and are in need of financing. The Company is continuing its operations at İş Kuleleri Kule 2, Kat:8, Levent, İstanbul.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

The derivative instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Some of the derivative instruments, although economical hedges, are accounted for as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments: Recognition and Measurement" ("TAS 39"). Realized gains or losses are reflected in the statement of income on these derivative instruments. Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or exempt income according to the current tax legislation.

The Group has no derivative instruments used for hedging purposes.

V. Interest Income and Expenses

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VI. Fees and Commission Income and Expenses

Commissions received from cash loans and fees for various banking services are recorded as income when collected and all other income and expenses, including commissions received from non-cash loans, are recorded on an accrual basis.

VII. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments constitute the basis of Group's trading activities and operations. Risks related with these instruments constitutes majority of total risks. Financial instruments affect liquidity, market, and credit risks on the Group's balance sheet in all respects. 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 Group. 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 Group. 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 presented at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders' equity.

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

Cash, Banks, and Other Financial Institutions:

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

Marketable Securities:

Group 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 Group. The Group uses such classification above when permitted or for the purposes of providing a more proper disclosure

In this category, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of securities that are traded in an active market are determined based on quoted prices or current market prices.

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

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any. The interests received from held to maturity investments are recorded as interest income in the income statement.

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. 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. 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.

Loans:

Loans are financial assets which have fixed payment terms and are not traded.

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.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

New Turkish Lira (TRY) cash loans are composed of foreign currency indexed loans, export guaranteed loans, loans financed by government funds. Foreign currency (FC) cash loans are composed of export financing loans and working capital loans.

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

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

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 balance sheet date, the Group evaluates the carrying amounts of its 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 Group 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 journalization 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 journalized.

IX. Offsetting of Financial Assets and Liabilities

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

Funds provided under repurchase agreements are accounted under “332-Funds Provided under Repurchase Agreements-TRY” and “333-Funds Provided under Repurchase Agreements-FC” accounts.

All of the repurchase agreements of the Group are based on the short-term 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.

XI. Explanations on Assets Held For Selling Purposes 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 in its present condition. 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 (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay happened due to the circumstances and conditions beyond the control of the Bank and if there is enough evidence that the sale plan of the related asset (or disposal group of asset) of the Bank is still in process, the delay in the sales process does not prevent the classification of the asset (or disposal group of asset) as an asset held for sale.

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.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 Group'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 Group'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 consolidated financial statements of the Group does not include goodwill as of the balance sheet date.

Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of 31 December 2004; and intangible assets that are acquired subsequent to 1 January 2005 are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated over their expected useful lives. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis over 5 years.

XIII. Explanations on Tangible Fixed Assets

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

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

Normal maintenance and repair cost of the properties are expensed.

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

Tangible fixed assets are depreciated with straight-line method and their useful lives are determined in accordance with the Tax Procedural Law.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XIV. Explanations on Leasing Transactions

The Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group'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 Group's net investment outstanding in respect of the leases.

The Group as Lessee

Assets held under finance leases are recognized as assets of the Group 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 in profit or loss in accordance with the Group's general policy on borrowing costs. Tangible fixed assets acquired by financial leases, are amortized based on the useful lives of the assets.

XV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Group's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

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 Group. In retirement and involuntarily leaving, the Group records the present value of the defined benefit obligation.

There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period.

Employees of the Bank are members of "Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı" and "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı". Technical financial statements of those funds are subject to audit in accordance with Article 38 of the Insurance Audit Law and provisions of "Regulations on Actuarials" issued based on the related Article by an actuary registered in the Actuarial Registry.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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 publishment date of the Banking Act. Under the Banking Act, in order to account for obligations, actuarial calculations will be made considering the income and expenses of those funds by a commission consisting of representatives from various institutions. Such calculated obligation shall be settled in equal installments in maximum 15 years. Nonetheless, the related Article of the Banking Law was taken to the Constitutional Court by the Turkish President on 2 November 2005 and it was withdrawn by the Constitutional Court's decisions No: E. 2005/39 and K. 2007/33 and dated 22 March 2007 that were published in the Official Gazette No: 26479 on 30 June 2007 as of the release of the related decision, and the execution of this article was cancelled as of its publication.

There is neither technical nor actual deficit for providing any provisions in accordance with the principles set out in the Council of Minister's Resolution No: 2006/11345 published in the Official Gazette No: 26377 on December 15, 2006 for the purpose of identifying procedures and principles to apply transfer requirements, and audited technical balance sheet report prepared using 10,24% technical interest (the determined rate in the resolution).

In addition, funding of those deficits is not allowed as of 1 January 2008 in accordance with Article 58 and the provisional article 7 of the Banking Act.

XVII. Explanations on Taxation

The Parent Bank is undertaking financial leasing operations under Article 11 of the Regulation on "Establishment and Operations of the Financial Leasing Companies" published in the Official Gazette No: 21212 on 28 April 1992. Accordingly, the Bank is dealing with financial leasing operations based on its investment incentive certificate and also utilizes and registers on its behalf for the financial leasing transactions of its customers with investment incentives covering a part of investment. The Parent Bank is entitled for an investment allowance due to the investment expenses incurred in accordance with its investment incentive certificate.

Additionally, the required provision for corporate tax liability for current period activities is provided in case that there is still tax base after deducting investment incentives.

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

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XVII. Explanations on Taxation (Cont'd)

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

The Group has adjusted its statutory financial statements as per the inflation accounting as of 1 January 2004 in accordance with Law No. 5024.

In accordance with the temporary item 2 of the Article No: 53 of the Banking Act No: 5411, dated 19 November 2005, the loan loss provisions are deducted from the tax base.

XVIII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

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

XIX. Explanations on Share Certificates

In the current period, in respect of the resolution of General Assembly, the Parent Bank has increased its capital from TRY 300.000 Thousand to TRY 400.000 Thousand. TRY 50.000 Thousand of this increase was transferred from the profit of the year 2006 and TRY 50.000 Thousand from share capital inflation restatement adjustment.

The Parent Bank's share capital was increased by TRY 100.000 Thousand in the previous year. TRY 2.221 Thousand of the increased capital was transferred from income from sale of investments in compliance with Article 8/12 of Corporate Tax Law, TRY 42.779 Thousand from share capital inflation restatement adjustment, and TRY 55.000 Thousand from the profit of the year 2005. This capital increase was announced in the Trade Registry Gazette dated 23 June 2006.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 Parent Bank uses government incentives about leasing operations as explained in Note XVII above.

XXII. Explanations on Segment Reporting

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

Among the corporate banking, there are Corporate Marketing Management operations. Corporate banking is serving financial solutions and banking services for its large-scale corporate customers. Among the services given to corporate customers are; TRY and foreign exchange operating loans, investment credits, project financing, letters of credit and letters of guarantees.

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

The segmental allocation of the Group's net profit as of 30 June 2007 is shown below.

	Corporate	Investment Banking	Other	Total
Net Interest Income	23.099	39.862	-	62.961
Net Fees and Commission Income	11.628	9.164	(469)	20.323
Other Income	-	8.256	11.379	19.635
Other Expense	(10.003)	(16.138)	(6.937)	(33.078)
Profit Before Taxes	24.724	41.144	3.973	69.841
Tax Provision	-	-	-	(12.131)
Net Profit				57.710

XXIII. Explanations on Other Matters

None other than above explanations.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The capital adequacy ratio is 23,42% as at 30 June 2007. Related to the calculation of the capital adequacy ratio, the risk weighted assets, the obligations, non-cash loans are classified according to the collateral groups and evaluated within the particular risk group.

Information related to the capital adequacy ratio: Thousand TRY

	Risk Weight							
	Parent Bank				Consolidated			
	0%	20%	50%	100%	0%	20%	50%	100%
Amounts Subject to Credit Risk								
Balance Sheet items (Net)	1.521.647	943.038	434.982	1.779.677	1.633.530	943.038	434.982	1.721.741
Cash	208	-	-	-	271	-	-	-
Matured Marketable Securities	121	-	-	-	121	-	-	-
Due From Central Bank of Turkey	3.804	-	-	-	3.804	-	-	-
Due From Dometic Banks, Foreign Banks, Branches and Head Office Abroad	-	220.489	-	-	11.924	220.489	-	-
Interbank Money Market Placements	4.004	-	-	-	4.458	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	19.184	-	-	-
Reserve Deposits	39.873	-	-	-	39.873	-	-	-
Loans(*)	9.582	722.549	434.982	1.472.791	9.582	722.549	434.982	1.472.791
Non-performing loans (Net)	-	-	-	-	-	-	-	-
Financial Lease Receivables (*)	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.440.637	-	-	98.100	1.440.637	-	-	105.932
Held to Maturity Investments	-	-	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	533	79.274	-	-	533
Interest and Income Accruals(**)	-	-	-	-	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control (Net)	14.455	-	-	153.240	14.455	-	-	82.274
Tangible Assets	-	-	-	33.056	-	-	-	38.271
Other Assets	8.963	-	-	21.957	9.947	-	-	21.940
Off-Balance Sheet Items	-	164.790	25.818	101.136	14.048	164.790	25.818	101.136
Guarantees and Commitments	-	112.597	25.818	101.136	14.048	112.597	25.818	101.136
Derivative Financial Instruments	-	52.193	-	-	-	52.193	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	1.521.647	1.107.828	460.800	1.880.813	1.647.578	1.107.828	460.800	1.822.877

(*): Financial lease receivables amounting to TRY 251.573 Thousand is included in loans.

(**): Interest and income accruals are included in related accounts.

Summary information related to the capital adequacy ratio:

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Total Risk Weighted Assets (TRWA)	2.332.779	2.274.843	1.850.926	1.877.314
Amount Subject to Market Risk (ASMR)	171.300	200.688	65.900	91.838
Amount Subject to Operational Risk (ASOR)	234.512	248.588	-	-
Shareholders' Equity	683.782	638.140	630.409	597.205
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	24,97	23,42	32,89	30,33

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

Information related to the components of shareholders' equity

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
CORE CAPITAL				
Paid-in capital	400.000	422.120	300.000	323.880
Nominal capital	400.000	422.120	300.000	323.880
Capital commitments (-)	-	-	-	-
Inflation adjustment to share capital	16.374	16.374	66.374	66.374
Share premium	-	47	-	47
Share cancellation profits	-	-	-	-
Legal reserves	28.526	30.133	19.433	20.746
First legal reserve (Turkish Commercial Code 466/1)	14.861	15.763	9.541	10.149
Second legal reserve (Turkish Commercial Code 466/2)	13.665	14.050	9.892	10.277
Other legal reserve per special legislation	-	320	-	320
Statutory reserves	14.861	14.861	9.541	9.541
Extraordinary reserves	91.840	103.504	42.641	48.847
Reserves allocated by the General Assembly	88.920	99.020	39.721	44.363
Retained earnings	2.920	4.484	2.920	4.484
Accumulated losses	-	-	-	-
Foreign currency share capital exchange differences	-	-	-	-
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	-	-	-	-
Profit	55.944	79.191	116.337	143.596
Current period profit	55.944	57.710	106.402	110.419
Prior years' profits	-	21.481	9.935	33.177
Provisions for possible losses up to 25% of core capital	-	-	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-	-	-
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 (-)	(8)	(8)	(8)	(23)
Prepaid expenses (-)	(2.329)	(2.608)	(2.524)	(2.524)
Intangible assets (-)	(357)	(610)	(231)	(477)
Deferred tax asset exceeding 10% of the Core Capital	-	-	-	-
Excess amount as per the Article 56, Clause 3 of the Banking Law	-	-	-	-
Goodwill (Net)	-	(1.005)	-	(366)
Total Core Capital	604.851	661.999	551.563	609.641

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	Current Period		Prior Period	
	Parent Bank	Consolidated	Parent Bank	Consolidated
SUPPLEMENTARY CAPITAL				
General Loan Loss Provisions	16.534	16.534	14.099	14.099
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	1.499	114	1.485	100
Primary subordinated loans excluded in the calculation of the Core Capital	-	-	-	-
Secondary subordinated loans	39.255	39.255	49.350	49.350
45% of marketable securities value increase fund	22.439	2.201	14.718	(5.469)
Associates and subsidiaries	23.594	23.594	-	-
Available for sale securities	(1.155)	(21.393)	14.718	(5.469)
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
TOTAL SUPPLEMENTARY CAPITAL	79.727	58.104	79.652	58.080
TIER III CAPITAL	-	-	-	-
CAPITAL	684.578	720.103	631.215	667.721
DEDUCTIONS FROM THE CAPITAL	(796)	(81.963)	(806)	(70.516)
Shareholdings in non-consolidated banks and financial institutions	-	-	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-	-	-
Banks and financial institutions which are accounted for under equity method, but, are not consolidated	-	(81.167)	-	(69.710)
Loans extended being non-compliant with articles 50 and 51 of the law	-	-	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years after foreclosure in accordance with article 57 of the Law, but not yet disposed	(796)	(796)	(806)	(806)
Other	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	683.782	638.140	630.409	597.205

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Consolidated Market Risk

The Board of Directors determine the limits and restrictions on market risk to avoid market risk. Limitations on risk, nominal rates are used and reports on risk information are presented to the Board of Directors, related committees and top management.

The guides prepared by Risk Management Group that is composed of Risk Management Unit 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 Risk Management Unit uses the standard method 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 succes of these models is tested retrospectively. The Bank also makes VaR calculations, scenario analyses and stres 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:

a) Information related to the market risk

	Current Period
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	6.846
Resulting From Financial Instruments related to Interest Income	4.402
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	2.444
(II) Capital Requirement to be Employed For Specific Risk – Standard Method	2.444
Resulting From Financial Instruments related to Interest Income	-
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	2.444
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	6.752
Capital Requirement	6.730
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	22
(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	13
(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)	16.055
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	200.688

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Operational Risk

For the measurement of the Group's operational risk, "Basic Indicator Method" has been used. The base amount for operational risk is measured by using the last three years, 2006, 2005 and 2004, of the Group's gross profit according to the 4th section of the "Measurement of the Base Amount of Operational Risk" being effective on 1 June 2007, of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" issued on the Official Gazette dated 1 November 2006 numbered 26233.

IV. Explanations Related to Consolidated 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 Parent Bank has no foreign currency and net foreign investment hedging transactions through derivative instruments.

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

	1 US Dollar	1 EURO	YEN
A. Bank "Foreign Exchange Valuation Rate"			
<u>Prior Dates:</u>			
29 June 2007	1,3085	1,75967	0,0106115
28 June 2007	1,3200	1,77632	0,0107335
27 June 2007	1,3230	1,77758	0,0107622
26 June 2007	1,3225	1,77982	0,0107189
25 June 2007	1,3060	1,75775	0,0105399

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Bank before the balance sheet date are TRY 1,3160, TRY 1,7702 and TRY 0,01067; respectively.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

IV. Explanations Related to Consolidated Currency Risk (Cont'd)

Information on the Group's consolidated foreign currency risk: Foreign Currencies(TRY Thousand)

	EURO	USD	Yen	Other FC	Total
Current Period (30.06.2007)					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	43	3.031	-	10	3.084
Due From Other Banks and Financial Institutions	56.944	97.442	1.323	590	156.299
Financial Assets at Fair Value Through Profit and Loss (**)	108	20.408	-	-	20.516
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	56.178	297.241	-	-	353.419
Loans (*)	1.143.038	1.151.448	70.619	-	2.365.105
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	10	10
Intangible Assets	-	-	-	-	-
Other Assets	188.892	93.016	8.916	44	290.868
Total Assets	1.445.203	1.662.586	80.858	654	3.189.301
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	22.433	168.374			190.807
Funds Provided From Other Financial Institutions	1.432.800	1.602.169	88.995	-	3.123.964
Securities Issued	-	-	-	-	-
Sundry Creditors	2.564	3.852	-	6	6.422
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	136	9.082	55	-	9.273
Total Liabilities	1.457.933	1.783.477	89.050	6	3.330.466
Net Balance Sheet Position	(12.730)	(120.891)	(8.192)	648	(141.165)
Net Off-Balance Sheet Position	(6.083)	82.888	9.058	-	85.863
Financial Derivative Assets	177.299	1.192.431	15.785	-	1.385.515
Financial Derivative Liabilities	183.382	1.109.543	6.727	-	1.299.652
Non-Cash Loans (****)	71.179	348.975	-	1.203	421.357
Prior Period (31.12.2006)					
Total Assets	1.399.072	1.436.425	98.878	324	2.934.699
Total Liabilities	1.421.624	1.483.789	113.772	12	3.019.197
Net Balance Sheet Position	(22.552)	(47.364)	(14.894)	312	(84.498)
Net Balance Sheet Position	16.724	58.991	20.798	-	96.513
Financial Derivative Assets	19.987	228.071	23.224	-	271.282
Financial Derivative Liabilities	(3.263)	(169.080)	(2.426)	-	(174.769)
Non-Cash Loans (****)	64.350	279.429	-	307	344.087

(*) Loans given, include TRY 796.834 Thousand foreign currency indexed loans.

(**) TRY 403 Thousand foreign exchange gains on derivatives are deducted from Financial Assets at Fair Value Through P/L.

(***) TRY 9.117 Thousand foreign exchange losses on derivatives are deducted from Other Liabilities.

(****) TRY 50 Thousand marketable securities value increase fund is deducted from Other Liabilities.

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

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SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

V. Explanations Related to Consolidated 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 Parent 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 analyzes. 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 are very low considering the total liabilities of the Parent Bank. As the Bank is a development and investment bank, it obtains most of the fundings 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 Parent Bank screens many risk control ratio including the markets risk ratio to the sum of risk weighted assets and the ratio of the value at risk calculated as per the internal model to the equity.

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	62	-	-	-	-	4.134	4.196
Due From Other Banks and Financial Institutions	195.952	-	-	-	-	36.461	232.413
Financial Assets at Fair Value Through Profit and Loss	6.060	7.355	7.499	8.151	45.873	15.835	90.773
Money Market Placements	23.642	-	-	-	-	-	23.642
Available-For-Sale Financial Assets	267.610	466.167	82.466	169.573	518.583	42.170	1.546.569
Loans	719.933	968.799	461.891	51.167	186.541	-	2.388.331
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	83.525	141.424	85.016	6.136	25.078	197.160	538.339
Total Assets	1.296.784	1.583.745	636.872	235.027	776.075	295.760	4.824.263
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	766.790	10.416	66.055				843.261
Sundry creditors	51	-	-	-	-	91.767	91.818
Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	901.125	1.174.168	678.765	126.681	263.916	-	3.144.655
Other Liabilities	3.890	14.382	1.985	4.119	3.536	716.617	744.529
Total Liabilities	1.671.856	1.198.966	746.805	130.800	267.452	808.384	4.824.263
Balance Sheet Long Position	-	384.779	-	104.227	508.623	-	997.629
Balance Sheet Short Position	(375.072)	-	(109.933)	-	-	(512.624)	(997.629)
Off-Balance Sheet Long Position	960	-	1.363	249	-	-	2.572
Off-Balance Sheet Short Position	-	(3.462)	-	-	(183.809)	-	(187.271)
Total Position	(374.112)	381.317	(108.570)	104.476	324.814	(512.624)	(184.699)

(*) Amounts in other assets and shareholders' equity are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

Average interest rates applied to monetary financial instruments: %

	EURO	USD	Yen	TRY
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks and Financial Institutions	4,07	5,36	-	17,93
Financial assets at fair value through profit and loss	-	7,24	-	17,23
Money Market Placements	-	-	-	17,75
Available-For-Sale Financial Assets	5,37	7,66	-	17,70
Loans	6,57	7,77	4,81	20,32
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	3,79	5,09	-	17,65
Sundry creditors	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,18	5,93	1,96	11,00

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	1.094	1.094
Due From Other Banks and Financial Institutions	98.152	-	-	-	-	14.865	113.017
Financial Assets at Fair Value Through Profit and Loss	1.027	936	6.744	12.823	8.135	21.200	50.865
Money Market Placements	14.749	-	-	-	-	13.740	28.489
Available-For-Sale Financial Assets	247.449	178.286	137.097	378.848	244.088	37.517	1.223.285
Loans	750.900	852.473	386.022	20.166	181.949	-	2.191.510
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	54.467	143.355	95.287	7.070	30.490	224.084	554.753
Total Assets	1.166.744	1.175.050	625.150	418.907	464.662	312.500	4.163.013
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	449.735	18.817	-	-	-	11.692	480.244
Sundry creditors	-	-	-	-	-	77.579	77.579
Securities Issued	-	-	-	-	-	5.200	5.200
Funds Provided From Other Financial Institutions	876.344	1.097.947	722.996	18.717	230.754	-	2.946.758
Other Liabilities	1.545	1.571	1.082	2.057	4.991	641.986	653.232
Total Liabilities	1.327.624	1.118.335	724.078	20.774	235.745	736.457	4.163.013
Balance Sheet Long Position	-	56.715	-	398.133	228.917	-	683.765
Balance Sheet Short Position	(160.880)	-	(98.928)	-	-	(423.957)	(683.765)
Off-Balance Sheet Long Position	493	-	913	1.365	2.730	-	5.501
Off-Balance Sheet Short Position	-	(95)	-	-	-	-	(95)
Total Position	(160.387)	56.620	(98.015)	399.498	231.647	(423.957)	5.406

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	EURO	USD	Yen	TRY
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks and Financial Institutions	-	5,19	-	18,19
Financial assets at fair value through profit and loss	-	-	-	20,24
Money Market Placements	-	-	-	18,46
Available-For-Sale Financial Assets	5,10	6,89	-	18,24
Loans	6,09	8,05	4,83	20,32
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	3,52	4,79	-	17,64
Sundry creditors	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3,60	5,94	1,96	11,00

VI. Explanations Related to the Consolidated Liquidity Risk

The Parent Bank's future cash flows and current positions are taken into consideration for managing the market and liquidity risks. The Parent 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 is targeted in the context of asset- liability management.

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

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

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

VI. Explanations Related to the Consolidated Liquidity Risk (Cont'd)

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed(*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	4.196	-	-	-	-	-	-	4.196
Due From Other Banks and Financial Institutions	48.090	184.323	-	-	-	-	-	232.413
Financial Assets at Fair Value Through Profit and Loss	16.917	3.409	4.581	7.499	8.152	50.215	-	90.773
Money Market Placements	6.137	17.505	-	-	-	-	-	23.642
Financial Assets Available-For-Sale	21.934	13.939	289.382	28.801	216.780	955.497	20.236	1.546.569
Loans	-	14.895	64.577	54.144	186.595	2.068.120	-	2.388.331
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	4.892	79.685	24.048	16.758	30.529	190.159	192.268	538.339
Total Assets	102.166	313.756	382.588	107.202	442.056	3.263.991	212.504	4.824.263
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	229.923	34.492	112.311	445.688	2.322.241	-	3.144.655
Money Market Borrowings	4.724	762.066	10.416	66.055	-	-	-	843.261
Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	81.469	-	-	-	-	10.349	91.818
Other Liabilities	907	5.852	14.772	1.985	4.119	3.535	713.359	744.529
Total Liabilities	5.631	1.079.310	59.680	180.351	449.807	2.325.776	723.708	4.824.263
Liquidity Gap	96.535	(765.554)	322.908	(73.149)	(7.751)	938.215	(511.204)	-
Prior Period								
Total Assets	151.377	226.771	143.747	120.479	622.717	2.751.521	146.401	4.163.013
Total Liabilities	159.210	578.628	41.014	400.701	159.298	2.258.253	565.909	4.163.013
Liquidity Gap	(7.833)	(351.857)	102.733	(280.222)	463.419	493.268	(419.508)	-

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Consolidated Assets

1.a Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	173	98	108	38
Balances with the Central Bank of Turkey	939	2.865	114	834
Other	-	121	-	-
Total	1.112	3.084	222	872

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit	939	2.865	114	834
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	939	2.865	114	834

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

2.a.1 Trading securities

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

The Group's trading securities given as collateral or blocked amounted to TRY 19.176 Thousand as of the balance sheet date (31 December 2006: TRY 7.370 Thousand).

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

The Group has no trading securities subject to repurchase agreements as of the balance sheet date (31 December 2006: TRY 7.302 Thousand).

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

The Group does not have any financial assets designated at fair value through profit and loss given as collateral or blocked as of the balance sheet date (31 December 2006: None)

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SECTION FIVE (Cont'd)

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

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

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

The Group does not have any financial assets designated at fair value through profit and loss subject to repurchase agreements as of the balance sheet date (31 December 2006: None)

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

Held for trading financial derivative instruments	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	553	401	506	42
Swap Transactions	905	1.187	-	6.192
Futures Transactions	-	-	-	-
Options	-	6.548	-	589
Other	-	-	-	-
Total	1.458	8.136	506	6.823

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	75.688	156.299	22.725	90.292
Domestic	75.688	110.368	22.724	84.349
Foreign	-	45.931	-	5.943
Branches and head office abroad	-	-	-	-
Other Financial Institutions	426	-	1	-
Total	76.114	156.299	22.725	90.292

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SECTION FIVE (Cont'd)

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

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

4. Information on financial assets available-for-sale:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	719.228	174.715	418.087	27.275
Treasury bills	-	-	20	-
Other debt securities	-	-	-	49.735
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	31.203	-	8.881
Total	719.228	205.918	418.107	85.891

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 these assets is TRY 172.052 Thousand (31 December 2006: TRY 172.537 Thousand).

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	172.052	-	166.680	5.857
Other	-	-	-	-
Total	172.052	-	166.680	5.857

4.b Major Types of Available For Sale Financial Assets:

Available for sale financial assets comprise 0,07% treasury bills, 81,33% government bonds and 15,87% Eurobonds, and 2,73% shares and other securities.

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

	Current Period	Prior Period
Debt securities	1.509.195	1.193.791
Quoted on a stock exchange	1.262.332	1.026.641
Not quoted	246.863	167.150
Share certificates	32.786	29.030
Quoted on a stock exchange	10.651	1.556
Not quoted	22.135	27.474
Impairment provision(-)	(13.044)	(17.145)
Other	17.632	17.609
Total	1.546.569	1.223.285

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders (*)	-	24.516	-	25.757
Corporate shareholders	-	24.516	-	25.757
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	11.765	-	13.882	-
Loans granted to employees	116	-	165	-
Total	11.881	24.516	14.047	25.757

(*)Indirect loans granted to shareholders include, loans granted to associates, subsidiaries and other components of risk group.

5.b Information on the first and second group loans and other receivables including restructured or rescheduled 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
Cash Loans				
Non-specialized loans	2.388.227	-	-	-
Discount notes	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Investment loans	1.230.716	-	-	-
Loans given to financial sector	733.294	-	-	-
Foreign loans	6.453	-	-	-
Consumer loans	115	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	417.649	-	-	-
Specialized loans	104	-	-	-
Other receivables	-	-	-	-
Total	2.388.331	-	-	-

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	115	-	115
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	115	-	115
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Total	115	-	115

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

The Parent Bank has not granted any commercial loans with installments and corporate credit cards as of the balance sheet date (31 December 2006: None)

5.e Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	2.381.879	2.167.807
Foreign Loans	6.452	23.703
Total	2.388.331	2.191.510

5.f Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	13.946	16.046
Indirect loans granted to subsidiaries and associates	-	-
Total	13.946	16.046

5.g Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectibility	-	-
Loans and receivables with doubtful collectibility	-	355
Uncollectible loans and receivables	32.959	33.175
Total	32.959	33.530

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

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	17.923
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	17.923
Prior Period			
(Gross amounts before provisions)	-	-	22.761
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	22.761

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

	III. Grup	IV. Grup	V. Grup
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Prior Period Ending Balance	-	355	33.175
Additions (+)	-	-	144
Transfers from Other Categories of Non-performing Loans (+)	-	-	205
Transfers to Other Categories of Non-performing Loans (-)	-	(205)	-
Collections (-)	-	(150)	(565)
Write-offs (-)	-	-	-
Current Period Ending Balance	-	-	32.959
Specific Provisions (-)	-	-	32.959
Net Balance on Balance Sheet	-	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

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

	III. Grup	IV. Grup	V. Grup
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
Period End Balance	-	-	2.816
Specific Provision (-)	-	-	(2.816)
Net Balance on Balance Sheet	-	-	-
Prior Period:			
Period End Balance	-	-	2.888
Specific Provision (-)	-	-	(2.888)
Net Balance on Balance Sheet	-	-	-

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.

6. Information on held-to-maturity investments:

The Grup does not have held-to-maturity investments as at the balance sheet date (31 December 2006: None).

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SECTION FIVE (Cont'd)

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

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

6. Information on held-to-maturity investments (Cont'd)

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

The Group has no investment securities held-to-maturity as at the balance sheet date (31 December 2006: None).

6.b Held-to-maturity investments subject to repurchase agreements

The Group has no investment securities held-to-maturity as at the balance sheet date (31 December 2006:None).

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

The Group has no investment securities held-to-maturity as at the balance sheet date (31 December 2006:None).

6.d The movement of investment securities held-to-maturity

The Group has no investment securities held-to-maturity as at the balance sheet date (31 December 2006:None).

7. Information on Investments in Associates (Net)

7.a.1 Information on Unconsolidated Associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	GÖZLÜK SANAYİ A.Ş. (Gözlük)	İzmir/ Turkey	21,71	21,71
2	PROVUS BİLİŞİM HİZMETLERİ A.Ş. (Provus)	İstanbul/ Turkey	0,04	0,04
3	SENAPA-STAMPA AMBALAJ SANAYİ VE TİCARET A.Ş. (Senapa)	Kocaeli/ Turkey	7,97	7,97
4	SERVUS BİLGİSAYAR A.Ş. (Servus)	İstanbul/ Turkey	7,14	7,14
5	TERME METAL SANAYİ VE TİCARET A.Ş. (Terme)	İstanbul/ Turkey	17,83	18,76
6	ÜNSA AMBALAJ SANAYİ VE TİCARET A.Ş. (Ünsa)	İstanbul/ Turkey	12,00	12,00

Non-financial associates above are not consolidated in accordance with the Communiqué on “Preparing Consolidated Financial Statements of the Banks”

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SECTION FIVE (Cont'd)

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

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

7. Information on Investments in Associates (Net) (Cont'd)

7.a.1 Information on unconsolidated associates (Cont'd):

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
Gözlük (1)	4.092	3.884	3.551	6	-	(389)	(406)	-
Provus (2)	13.697	1.866	11.467	-	-	(2.406)	(1.682)	-
Senapa (3)	30.019	5.765	21.302	20	-	(4.001)	(2.924)	-
Servus (4)	61.750	21.846	13.626	383	-	982	570	-
Terme (5)	11.811	2.077	1.949	-	-	(291)	(307)	-
Ünsa (6)	77.566	26.134	34.991	101	-	(3.394)	(4.587)	-

- (1) Represent audited financial statements of 31.12.2006. Prior year loss is obtained from 31.12.2005 dated financial statements.
(2) Represent unaudited financial statements of 31.12.2006. Prior year loss is obtained from 31.12.2005 dated financial statements.
(3) Represent unaudited financial statements of 31.12.2006. Prior year loss is obtained from 31.12.2005 dated financial statements.
(4) Represent unaudited financial statements of 31.12.2006. Prior year profit is obtained from 31.12.2005 dated financial statements.
(5) Represent unaudited financial statements of 31.12.2006. Prior year loss is obtained from 31.12.2005 dated financial statements.
(6) Represent unaudited financial statements of 31.12.2006. Prior year loss is obtained from 31.12.2005 dated financial statements.

7.b.1 Information on the consolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)	Consolidation Method
1	İŞ FACTORİNG FİNANSMAN HİZMETLERİ A.Ş. (İş Factoring)	İstanbul/Turkey	21,75	100,00	Equity Method
2	İŞ FİNANSAL KİRALAMA A.Ş. (İş Finansal)	İstanbul/Turkey	28,56	58,54	Equity Method
3	İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (İş Girişim)	İstanbul/Turkey	16,67	48,75	Equity Method

	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)	61.361	12.187	9.091	3.643	-	(415)	(14.397)	-
İş Finansal (2)	889.709	173.218	759.315	19.472	-	22.171	40.022	90.440
İş Girişim (3)	118.521	118.255	26.679	2.731	-	7.339	13.028	13.377

- (1) Represent reviewed financial statements of 30.06.2007. Prior year loss is obtained from 31.12.2006 dated financial statements.
(2) Represent reviewed financial statements of 30.06.2007. Prior year profit is obtained from 31.12.2006 dated financial statements. Fair Value is determined as of 29.06.2007.
(3) Represent unreviewed financial statements of 30.06.2007. Prior year profit is obtained from 31.12.2006 dated financial statements. Fair Values is determined as of 29.06.2007.

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SECTION FIVE (Cont'd)

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

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

7. Information on Investments in Associates (Net) (Cont'd)

7.b.2 Information on the consolidated associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	69.710	61.571
Movements During the Period	11.457	-
Purchases	515	-
Current Year Share of Profit	7.400	8.139
Sales	-	-
Revaluation Increase	3.542	-
Provision for Impairment	-	-
Balance at the End of the Period	81.167	69.710
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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	5.191	2.730
Leasing Companies	55.803	48.042
Financial Service Companies	-	-
Other Associates	35.416	33.851

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

	Current Period	Prior Period
Associates quoted on domestic stock Markets	75.976	66.980
Associates quoted on foreign stock Markets	-	-

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

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

In the prior period the Parent Bank sold 1,4 % of shares of TSKB Yatırım Ortaklığı A.Ş. having a nominal value of TRY 50 Thousand.

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SECTION FIVE (Cont'd)

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

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

7. Information on Investments in Associates (Net) (Cont'd)

7.a.6 Information on associates purchased in the current period:

During the current period, the Parent Bank purchased İş Faktoring Finansman Hizmetleri A.Ş.'s 1.120.000 nominal shares with TRY 515 Thousand which was an associate as well in the prior period, and also the Parent Bank has contributed to the capital increase of Senapa-Stampa Ambalaj Sanayi ve Ticaret A.Ş., İş Finansal Kiralama A.Ş. and İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.'s with TRY 329 Thousand, TRY 11.281 Thousand and TRY 150 Thousand respectively which are all associates of the Parent Bank as well in the prior period.

During the prior period, the Parent Bank purchased A Bilişim Hizmetleri A.Ş.'s associate having a nominal value of TRY 2 Thousand in consideration of TRY 2 Thousand and contributed TRY 39 Thousand, TRY 14.280 Thousand and TRY 539 Thousand to the capital increases of its associates; Gözlük Sanayi A.Ş., İş Finansal Kiralama A.Ş., and Yatırım Finansman Yatırım Ortaklığı A.Ş.; respectively. The Parent Bank also contributed TRY 1.785 Thousand (TRY 1.071 Thousand free shares and TRY 714 Thousand in exchange of dividends) to the capital increase of TSKB Yatırım Ortaklığı A.Ş. in the prior period.

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SECTION FIVE (Cont'd)

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

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

8. Information on Subsidiaries (Net)

8.a.1 Information on Unconsolidated Subsidiaries

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş.(TSKB GMD)	İstanbul /Türkiye	80,00	80,00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
TSKB GMD (1)	2.071	1.697	633	43	-	513	264	-

(1) Represent unreviewed financial statements of 30.06.2007. Prior year gain is obtained from 31.12.2006 dated financial statements.

8.a.2 Information on Consolidated Subsidiaries

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş.(YFMEN.DEG.)	İstanbul /Turkey	95,78	98,40
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	İstanbul/Turkey	96,00	100,00
3	TSKB Yatırım Ortaklığı A.Ş. (TSKB Y.O.)	İstanbul/Turkey	29,75	44,48
4	Yatırım Finansman Yatırım Ortaklığı A.Ş. (Yatırım Fin.Y.O.)	İstanbul/Turkey	10,78	41,18

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
YF MEN.DEĞ. (1)	127.448	38.037	8.584	2.554	-	3.046	4.934	-
TSKB GYO (2)	12.093	12.044	3.658	446	-	344	1.700	-
TSKB Y.O. (3)	20.955	20.921	-	180	-	828	(18)	3.695
YATIRIM FİN.Y.O. (4)	13.819	13.874	-	682	-	1.514	174	841

(1) Represent unreviewed financial statements of 30.06.2007. Prior period profit is obtained from 31.12.2006 dated financial statements.

(2) Represent reviewed financial statements of 30.06.2007. Prior period profit is obtained from 31.12.2006 dated financial statements.

(3) Represent reviewed financial statements of 30.06.2007. Prior period loss is obtained from 31.12.2006 dated financial statements.Fair value is determined as of 29.06.2007.

(4) Represent reviewed financial statements of 30.06.2007. Prior period gain is obtained from 31.12.2006 dated financial statements.Fair value is determined as of 29.06.2007

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SECTION FIVE (Cont'd)

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

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

8. Information on Subsidiaries (Net)

8.a.2 Information on Consolidated Subsidiaries (Cont'd)

	Current Period	Prior Period
Balance at the beginning of the period	61.302	53.425
Movements in period	1.760	7.877
Purchases	2.400	10.514
Free shares obtained	-	2.530
Dividends from current year income	-	-
Sales	-	(50)
Revaluation increase	-	-
Impairment provision	(640)	(5.117)
Balance at the end of the period	63.062	61.302
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Consolidated subsidiaries are eliminated from the accompanying consolidated financial statements as per the principles of consolidation accounting.

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	63.381	61.621

8.a.4 Subsidiaries quoted on stock exchange

As at the balance sheet date, the Group has no subsidiaries quoted on the stock exchange (31 December 2006: None).

8.a.5 Subsidiaries sold in the current period

The Parent Bank has not sold any subsidiaries in the current period.

During the prior period, the Parent Bank added its 1,79% share in TSKB Menkul Değerlerler A.Ş. amounting to TRY 1.538 Thousand to its shares in Yatırım Finansman Menkul Değerler A.Ş. as a result of the merger of two companies; TSKB Menkul Değerlerler A.Ş. and Yatırım Finansman Menkul Değerler A.Ş. on 29 December 2006.

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SECTION FIVE (Cont'd)

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

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

9. Information on Entities under Common Control

The Group has no entities under common control as of the balance sheet date (31 December 2006: None).

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	3.598	3.419	77.420	59.510
Between 1- 4 years	146.305	129.260	204.088	175.809
More than 4 years	144.639	118.894	55.704	50.770
Total	294.542	251.573	337.212	286.089

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

	Current Period	Prior Period
Gross investments in finance leases	294.542	337.212
Unearned revenue from finance leases (-)	(42.969)	(51.123)
Cancelled finance leases (-)	-	-
Net investments in finance leases	251.573	286.089

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

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

11. Information on derivative financial assets for hedging purposes

11.a Positive differences of derivative financial assets for hedging purposes

The Group has no financial assets for hedging purposes as of the balance sheet date (31 December 2006: None).

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SECTION FIVE (Cont'd)

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

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

12. Information on Deferred Tax Assets

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

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

Deferred Tax Asset	Current Period	Prior Period
Useful life difference of fixed assets	995	1.032
Financial lease adjustments	(363)	(1.598)
Derivative transaction accruals	1.438	650
Employee benefit provision	800	680
Other Provisions	554	600
Other	-	7
Total	3.424	1.371

In addition, TRY 215 Thousand deferred tax liability, 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.

12.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 Group has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods.

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

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

13. Information About Other Assets

13.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.

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

II. Explanations Related to the Consolidated Liabilities

1. Information of Maturity Structure of Deposits

1.a.1 Maturity Structure of Deposits

The Parent 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 Parent 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 Parent Bank is not authorized to accept deposits.

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

The Parent 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	
	TRY	FC	TRY	FC
Forward Transactions	84	1	-	3
Swap Transactions	9.293	9.343	10.248	718
Futures Transactions	-	-	-	-
Options	-	7.202	-	731
Other	-	-	-	-
Total	9.377	16.546	10.248	1.452

3. Information on funds borrowed

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	10.045	166.853	1.200	105.825
From Foreign Banks, Institutions and Funds	10.542	2.889.322	10.542	2.755.845
Total	20.587	3.056.175	11.742	2.861.670

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

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

3. Information on funds borrowed (Cont'd)

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	10.045	635.723	1.200	532.216
Medium and long-term	10.542	2.420.452	10.542	2.329.454
Total	20.587	3.056.175	11.742	2.861.670

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.

5. Explanations on Financial Lease Obligations (Net):

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

The Parent Bank entered into the financial lease transactions with its affiliates İş Finansal Kiralama A.Ş. (24 transactions) and Vakıf Finansal Kiralama A.Ş. (4 transactions). The lease agreements are paid in equal installments. There are no issues bringing important liabilities to the Parent Bank.

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

There are no changes in financial leasing contracts (31 December 2006: None)

5.c Explanations on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	217	189	858	799
Between 1- 4 years	64	53	99	81
More than 4 years	-	-	-	-
Total	281	242	957	880

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

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

5. Explanations on Financial Lease Obligations (Net) (Cont'd):

5.d Explanations regarding operational leases

As of the balance sheet date, the Parent Bank's two branches and also its financial subsidiaries' head office and ten branches are subject to operational leasing. Additionally, 18 cars are within the context of operational leasing with 8 agreements. The Parent Bank has no obligations for operational leases as of the balance sheet date (31 December 2006: None).

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

The Group does not have sale and lease back transactions as at the balance sheet date (31 December 2006: None).

6. Information on Derivative Financial Liabilities for Hedging Purposes:

6.a Negative differences related to derivative financial liabilities for hedging purposes:

The Group has no derivative financial liabilities for hedging purposes (31 December 2006: None)

7. Information on Provisions

7.a Information on general loan loss provisions:

	Current Period	Prior Period
General Loan Loss Provisions	16.534	14.099
Provisions for First Group Loans and Receivables	13.558	10.978
Provisions for Second Group Loans and Receivables	-	-
Provisions for non-Cash Loans	599	435
Other	2.377	2.686

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 are amounting to TRY 34.801 Thousand (31 December 2006: TRY 9.099 Thousand). The foreign exchange losses on the foreign currency indexed loans are netted off from the loans in the financial statements.

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SECTION FIVE (Cont'd)

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

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

7. Information on Provisions (Cont'd)

7.c Information related to other provisions:

7.c.1 Provisions for possible losses:

The Group has no provisions for possible losses as of the balance sheet date (31 December 2006: None).

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

	Current Period	Prior Period
Provision for possible losses	-	-
Dividend Provision for Subsidiaries	2.816	2.816

8. Explanations on the Number of Subordinated Loans the Group Used, Maturity, Interest Rate, Institution that the Loan was Borrowed from, and Conversion Option, if any:

The Parent Bank has signed an agreement with the International Finance Corporation, for a subordinated loan of USD 50.000.000 (TRY 73.279 Thousand). The interest expense accrual of this borrowing is TRY 2.364 Thousand as of the balance sheet date.

The first agreement date of the loan was 21 September 2004. The first usage date was 5 November 2004. The interest rate is variable; at the balance sheet date it is (5,4+3,62 spread) 9,02%. There is no principle repayment in the first 5 years and the maturity is on 15 October 2011.

9. Information on Taxes Payable:

	Current Period		Prior Period	
	TRY	FC	TRT	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	18.051	-	16.512	-
Deferred tax liability	-	-	-	-
Total	18.051	-	16.512	-

9.a Information on deferred taxes liabilities:

At the balance sheet date, the Group has no deferred tax liability (31 December 2006: None)

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SECTION FIVE (Cont'd)

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

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

9. Information on Taxes Payable: (Cont'd)

9.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	18.051	16.512
Taxation of securities	2.242	479
Property tax	-	-
Banking Insurance Transaction Tax (BITT)	594	174
Foreign Exchange Transaction Tax	170	116
Value Added Tax Payable	82	83
Other	600	1.816
Total	21.739	19.180

9.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	54	39
Social Security Premiums-Employer	74	54
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	14	12
Unemployment insurance-Employer	27	23
Other	6	6
Total	175	134

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SECTION FIVE (Cont'd)

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

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

10. Information on Shareholders' Equity:

10.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	400.000	300.000
Preferred stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital System	400.000	1.000.000

In the current period, the Parent Bank's registered share capital ceiling has been raised up to TRY 1.000.000 Thousand from TRY 300.000 Thousand. This increase has been approved by Turkish Ministry of Industry and Trade as of 20 March 2007, and registered on 28 March 2007.

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

As per 16 February 2007 dated Board of Directors resolution, under the registered share capital, the Parent Bank has increased its capital from TRY 300.000 Thousand to TRY 400.000 Thousand. In respect of the resolution of General Assembly, TRY 50.000 Thousand of this increase, was transferred from the profit of the year 2006 and TRY 50.000 Thousand from share capital inflation restatement adjustment. TRY 100.000 Thousand nominal shares that is issued due to capital increase was registered with the Capital Markets Board on 7 May 2007 according to the provisions of the Capital Markets Law No 2499. The capital increase was approved by BRSA on 19 April 2007 and published in the Turkish Trade Registry Gazette on 5 July 2007.

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

In the current period, there is no share capital increase from revaluation funds.

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

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SECTION FIVE (Cont'd)

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

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

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

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

The prior period income, profitability and liquidity of the Parent Bank and their trends in the successive periods are followed by Financial Control Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under several different scenario analysis. The Parent Bank operations are profitable, and the Bank keeps the major part of its profit by capital increases or capital reserves within the shareholders equity. On the other hand, since the Bank seeks to compose a minor part of its shareholders equity by fixed assets and subsidiaries, the free capital of the Bank is remarkably high. As a result, the Bank's shareholders equity keeps getting strengthened.

10.g Information on preferred shares:

The Parent Bank has no preferred shares.

10.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities Under Common Control	-	-	-	-
Valuation Differences	4.841	50	(13.764)	1.460
Foreign Exchange Difference	-	-	-	-
Total	4.841	50	(13.764)	1.460

11. Information on minority shares

	Current Period	Prior Period
Paid-in-Capital	22.120	23.880
Share Premium in Excess of Par	4	4
Securities Value Increase Fund	21	150
Legal Reserves	565	586
Extraordinary Reserves	2.266	1.079
Other Profit Reserves	-	1.140
Retained Earnings / Accumulated Losses	37	29
Net Profit or Loss	1.825	705
Total	26.838	27.573

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SECTION FIVE (Cont'd)

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

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

1. Information on Off-Balance Sheet Liabilities:

1.a Nature and amount of irrevocable loan commitments:

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

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

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

As at the balance sheet date, total letters of credit is TRY 129.090 Thousand (31 December 2006: TRY 97.910 Thousand).

1.b.2 Guarantees, suretyships, and similar transactions

As at the balance sheet date, total letters of guarantee is TRY 225.185 Thousand (31 December 2006: TRY 274.672 Thousand).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	101.144	-
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	101.144	-
Other non-cash loans	354.378	372.590
Total	455.522	372.590

1.c.2 Information on Ist and IInd group non-cash loans:

	I st Group		II nd Group	
	TRY	FC	TRY	FC
Non-cash loans	34.165	421.357	-	-
Letters of guarantee	34.157	191.028	-	-
Bank acceptances	-	103	-	-
Letters of credit	-	129.090	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other commitments and contingencies	8	101.136	-	-

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

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

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	6.846	20	216.867	51	983	3	226.890	66
Mining	-	-	-	-	-	-	-	-
Production	5.633	16	189.020	45	67	-	205.099	60
Electric, gas and water	1.213	4	27.847	7	916	3	21.791	6
Construction	-	-	-	-	-	-	-	-
Services	27.319	80	204.490	49	27.520	97	117.197	34
Wholesale and retail trade	-	-	97.616	23	-	-	39.167	11
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and telecommunication	2	-	99.022	24	2	-	69.570	20
Financial institutions	25.316	74	7.852	2	25.517	90	8.460	3
Real estate and renting services	1	-	-	-	1	-	-	-
Self-employment services	2.000	6	-	-	2.000	7	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	34.165	100	421.357	100	28.503	100	344.087	100

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

	I st Group		II nd Group	
	TRY	FC	TRY	FC
Non-cash loans	34.165	421.357	-	-
Letters of guarantee	34.157	191.028	-	-
Bank acceptances	-	103	-	-
Letters of credit	-	129.090	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other commitments and contingencies	8	101.136	-	-

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

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

2. Explanations on contingent liabilities and assets

There are 3 legal cases against the Bank, which are amounting to TRY 99 Thousand as of the balance sheet date.

With respect to one of the subsidiaries of the Bank, İş Factoring Finansman Hizmetleri A.Ş., as per the decision of Istanbul Tax Court No:3, Beşiktaş Tax Office has issued a tax payment declaration as a result of the tax court decisions. For the purposes of the abolition of these particular decisions and the suspension of the decisions, İş Factoring Finansman Hizmetleri A.Ş. has filed cases at İstanbul District Court in order to appeal to the Supreme Court. A provision for İş Factoring Finansman Hizmetleri A.Ş. investment was booked under investments associates in the accompanying financial statements as a result of above cases.

4th Administration of Council of State decided in favor of İş Factoring Finansman Hizmetleri A.Ş. as reversal of the Tax Court decision on 10 April 2007, and gave a written notice to İş Factoring Finansman Hizmetleri A.Ş. on 1 August 2007. As of the balance sheet date, the legal procedures are ongoing.

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SECTION FIVE (Cont'd)

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

IV. Explanations Related to the Statement of Income

1.a Information on interest on loans:

	Group I		Group II	
	TRY	FC	TRY	FC
Interest on loans	28.277	45.991	-	-
Short term loans	1.089	838	-	-
Medium and long term loans	26.352	45.153	-	-
Interest on non-performing loans	836	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-

1.b Information on interest received from banks:

	Current Period	
	TRY	FC
The Central Bank of Turkey	-	-
Domestic banks	694	2.548
Foreign banks	309	3.623
Branches and head office abroad	-	-
Total	1.003	6.171

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

	Current Period
Interest received from associates and subsidiaries	485

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

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

2.a Information on interest on funds borrowed:

	Current Period	
	TRY	FC
Banks	1.182	14.972
The Central Bank of Turkey	-	-
Domestic banks	1.178	2.699
Foreign banks	4	12.273
Branches and head office abroad	-	-
Other financial institutions	-	55.674
Total	1.182	70.646

2.b Information on interest expenses to associates and subsidiaries

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

3. Information on Net Trading Income (Net):

	Current Period
Profit	143.804
Gains on capital market operations	63.201
On derivative financial instruments	49.798
Other	13.403
Foreign exchange gains	80.603
Losses (-)	(135.993)
Losses on capital market operations	(43.188)
On derivative financial instruments	(38.206)
Other	(4.982)
Foreign exchange losses	(92.805)

4. Information Related with Other Operating Income:

	Current Period
Provisions Released	1.372
Gains on Sale of Assets	121
From Associate and Subsidiary Sales	49
From Movable Fixed Asset Sales	33
From Other Asset Sales	39
Other	863
Total	2.356

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SECTION FIVE (Cont'd)

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

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

5. Provision Expenses Related to Loans and Other Receivables of The Group:

	Current Period
Specific provisions for loans and other receivables	144
III. Group	-
IV. Group	-
V. Group	144
General provision expenses	2.435
Provision expenses for possible losses	-
Foreign exchange differences on foreign currency losses	-
Marketable securities impairment expenses	257
Trading securities	-
Investment securities available for sale	257
Impairment provisions	-
Associates	-
Subsidiaries	-
Entities under common control	-
Investment securities held to maturity	-
Impairment on assets held for sale	-
Other	-
Total	2.836

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SECTION FIVE (Cont'd)

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

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

6. Information Related to Other Operating Expenses:

	Current Period
Personnel expenses	16.987
Reserve for employee termination benefits	356
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	1.178
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortisation expenses of intangible assets	75
Impairment on subsidiaries accounted for under equity method	-
Impairment expenses of assets held for resale	-
Depreciation expenses of assets held for resale	452
Impairment expenses of assets held for sale	-
Other operating expenses	7.329
Rent expenses	689
Maintenance expenses	222
Advertisement expenses	544
Other expenses	5.874
Loss on sales of assets	-
Other	3.865
Total	30.242

7. Information on Tax Provision:

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

The current tax charge for the period is TRY 18.051 Thousand. Deferred tax benefit is TRY 5.920 Thousand.

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

Deferred tax benefit calculated on temporary differences is TRY 5.920 Thousand.

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

As of 30 June 2007, deferred tax benefit calculated based on temporary timing differences is TRY 5.920 Thousand. There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exemptions.

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SECTION FIVE (Cont'd)

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

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

8. Information related with net income/loss for the period:

8.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 Group has generated TRY 191.563 Thousand total interest income, TRY 128.602 Thousand interest expenses and TRY 20.323 Thousand net fee and commission income from banking operations.

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

There are no changes in the accounting estimates and accordingly any effect on the financial statement items.

8.c Minority share of profit and loss:

Current year profit attributable to minority shares is TRY 1.825 Thousand, total shareholders equity, including current year profit attributable to minority shares is TRY 26.838 Thousand.

9. 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 those explained in note IV.4 and IV.6.

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SECTION FIVE (Cont'd)

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

V Explanations on the Risk Group of the Bank:

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

1.a Current Period:

Risk Group of the Bank (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Cash	Non-cash	Cash
Loans and other receivables						
Balance at beginning of period	9.964	168	-	24.347	76.661	1.635
Balance at end of period	8.731	168	-	24.347	70.350	225
Interest and commission income	348	-	-	12	2.066	-

(*)The scope of the related parties is defined in the Article 20-2 of the "Regulation on the Establishment and Operations of Banks".

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	Cash
Loans and other receivables						
Balance at beginning of period	5.057	168	-	24.347	4.667	-
Balance at end of period	9.964	168	-	24.347	76.661	1.635
Interest and commission income received	548	6	-	24	5.503	2

(*)The scope of the related parties is defined in the Article 20-2 of the "Regulation on the Establishment and Operations of Banks".

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

The Parent Bank is not authorized to accept deposits.

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

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

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SECTION FIVE (Cont'd)

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

VI. Other Explanations Related to the Operations of the Group

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

FITCH RATINGS

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

Information above are received from Fitch Ratings report dated 23 November 2006.

MOODY'S

Financial Rating Note	D+
Outlook	Stable
Foreign Currency	
Long-term Maturity	B1
Outlook	Stable
Short-term Maturity	N/P

Information above are received from Moody's Investors Service report dated 24 April 2007.

I.b Information Related to TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.

In accordance with Article 10 of the Communiqué on "Principles of Real Estate Investment Trusts" of the Capital Markets Board, real estate investment trust companies or companies which are reformed as real estate investment trust, through changes in their Articles of Association, should apply CMB for registration within one year after the establishment date in order to go public for at least 49% of their share capital. TSKB Gayrimenkul Yatırım Ortaklığı A.Ş., ("TSKB G.Y.O"), a subsidiary of the Parent Bank included in the consolidation, was registered on 3 February 2006. Accordingly, the application deadline to CMB of TSKB G.Y.O for initial public offering was 3 February 2007.

TSKB G.Y.O applied to CMB on 30 January 2007 to extend its initial public offering period for a year considering the general risks inherent to the expected market conditions.

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SECTION FIVE (Cont'd)

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

VI. Other Explanations Related to the Operations of the Group (Cont'd)

I.b Information Related toTSKB Gayrimenkul Yatırım Ortaklığı A.Ş (Cont'd)

In the CMB's meeting (where the application is discussed) No: 09/251 held on 8 March 2007, request for an additional period from the CMB is received favourably to the extent that; the CMB shall be informed with the developments on the current and required projects that should be included in the portfolio for quarterly periods and no profit distribution shall be made before the public offering date, and accordingly, one year of additional period is granted until 3 February 2008 in addition to the registration of the Company shares to the CMB and the compulsory application period for public offering.

2. Explanations After Balance Sheet Items

The“Global SME Development Credit” agreement that the Parent Bank is participating with other intermediary banks for the investment finance of SME's across Turkey under the guarantee of Turkish Treasury amounting EUR 300.000.000 from European Investment Bank was signed on 19 July 2007 in Luxembourg.

As per the the resolution of the Board of Directors, dated 7 August 2007 and numbered 1811, the Parent Bank has authorized the Parent Bank's General Management about the sale of the Parent Bank's total shares in Servus Bilgisayar A.Ş., Provus Bilişim Hizmetleri A.Ş. and A Bilişim Hizmetleri A.Ş, investments of which were financed by European Investment Bank's venture capital fund. When the sale is realized, the profit will be shared among the Parent Bank and European Investment Bank, otherwise in case of loss the European Investment Bank will assume the total loss according to the signed agreements.

3. Other Items:

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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SECTION SIX

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

I. Explanations on the Independent Accountants' Limited Review Report

The consolidated financial statements and accompanying notes to the financial statements as at 30 June 2007 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Member Firm of Deloitte Touche Tohmatsu").

The independent accountants' review report is presented at the beginning of the financial statements and related notes.

II. Other Explanations and Notes Prepared by Independent Accountants

There are no other explanations and notes not expressed in sections above related with Group's operations.