

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

**INDEPENDENT ACCOUNTANTS'
LIMITED REVIEW REPORT
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD
1 JANUARY - 30 SEPTEMBER 2007**

*Translated into English from the
Original Turkish Report*

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

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

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 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 September 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 September 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 draw attention to the following:

Since the Bank is a subsidiary of a local 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, 21 November 2007

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

Address:
Meclis-i Mebusan Cad. No:161 34427 Fındıklı/İstanbul
Telephone and Fax:
(212) 334 50 50, (212) 243 29 75
Web Site:
<http://www.tskb.com.tr>
E-mail Address:
goktasm@tskb.com.tr

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, the financial statements of which are consolidated within the framework of the reporting package are as follows:

Subsidiaries	Associates
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.

21 November 2007

President of the Board of Directors	Member of Board of Directors and General Manager	Assistant General Manager Responsible for Financial Reporting	Group Manager for Financial Control and Reporting
İsmet Cahit Kocaömer	Halil Eroğlu	Ömer Eryılmaz	Mustafa Göktaş
	Member of the Audit Committee	Member of the Audit Committee	
	Burhanettin Kantar	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 and Reporting

Telephone Number: (212) 334 51 92

Fax Number: (212) 243 29 75

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

INDEX

Page

SECTION ONE
General Information

I. The Parent Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute.....	1
II. Explanations Regarding the Parent 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	1
III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares in the Parent Bank.....	2
IV. Information About the Persons and Institutions that Have Qualified Shares in the Parent Bank	3
V. Summary on the Parent Bank's Functions and Areas of Activity.....	3

SECTION TWO
Consolidated Financial Statements

I. Consolidated Balance Sheet.....	4
II. Consolidated Statement of Off Balance Sheet Contingencies and Commitments.....	6
III. Consolidated Statement of Income.....	7
IV. Consolidated Statement of Changes in Shareholders' Equity.....	8
V. Consolidated Statement of Cash Flows.....	9

SECTION THREE
Accounting Policies

I. Basis of Presentation.....	10
II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions.....	10
III. Information about the Parent Bank and its Subsidiaries subject to Consolidation.....	11
IV. Explanations on Forward and Option Contracts and Derivative Instruments.....	13
V. Interest Income and Expenses.....	13
VI. Fees and Commission Income and Expenses.....	14
VII. Explanations and Disclosures on Financial Assets.....	14
VIII. Explanations on Impairment on Financial Assets.....	16
IX. Offsetting of Financial Assets and Liabilities.....	16
X. Explanations on Sales and Repurchase Agreements and Lending of Securities.....	17
XI. Explanations on Assets Held For Sale and Discontinued Operations.....	17
XII. Explanations on Goodwill and Other Intangible Assets.....	18
XIII. Explanations on Tangible Fixed Assets.....	18
XIV. Explanations on Leasing Transactions.....	19
XV. Explanations on Provisions and Contingent Liabilities.....	19
XVI. Explanations on Liabilities Regarding Employee Benefits.....	19
XVII. Explanations on Taxation.....	20
XVIII. Additional Explanations on Borrowings.....	21
XIX. Explanations on Share Certificates.....	21
XX. Explanations on Acceptances.....	22
XXI. Explanations on Government Incentives.....	22
XXII. Explanations on Segment Reporting.....	22
XXIII. Explanations on Other Matters.....	22

SECTION FOUR
Information on Consolidated Financial Structure

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio.....	23
II. Explanations Related to Consolidated Market Risk.....	26
III. Explanations Related to Consolidated Operational Risk.....	27
IV. Explanations Related to Consolidated Currency Risk.....	27
V. Explanations Related to Consolidated Interest Rate Risk.....	29
VI. Explanations Related to Consolidated Liquidity Risk.....	33

SECTION FIVE
Explanations and Disclosures on Consolidated Financial Statements

I. Explanations Related to the Consolidated Assets.....	35
II. Explanations Related to the Consolidated Liabilities.....	51
III. Explanations Related to the Consolidated Off-Balance Sheet Contingencies and Commitments.....	58
IV. Explanations Related to the Consolidated Statement of Income	60
V. Explanations on the Risk Group of the Bank.....	65
VI. Other Explanations on the Operations of the Bank.....	66

SECTION SIX
Independent Accountants' Limited Review Report

I. Explanations on the Independent Accountants' Limited Review Report.....	68
II. Other Explanations and Notes Prepared by the Independent Accountants.....	68

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

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

SECTION ONE

GENERAL INFORMATION

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

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

According to the classification set out in the Banking Law No: 5411, the statute of the Bank is "Development and Investment Bank". The Bank does not have the 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 SEPTEMBER 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 Yarcan	Undergraduate	16 years
	Burak Akgüç	Undergraduate	15 years
	Ömer Eryılmaz	Undergraduate	20 years
	Çiğdem İçel	Undergraduate	17 years
Statutory Auditors	Zeynep Hansu Uçar(***)	Undergraduate	13 years
	Aziz Ferit Eraslan	Undergraduate	14 years

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

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

(**) In the meeting of Board of the Directors on 10 October 2007; Burhanettin Kantar, member of Board of Directors, who replace Mahmut Magemizoğlu after his resignation from the Audit Committee has been appointed as a Member of Audit Committee according to the Banking Law numbered 24.

(***) In the meeting of Board of the Directors on 31 October 2007; Zenep Hansu Uçar is appointed and declared as the statutory auditor after the resignation of Mustafa Darcan to work until the following General Meeting according to the Article 351 of the Turkish Commercial Code.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 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 investors 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 rendering financing, consulting, 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.
CONSOLIDATED BALANCE SHEET

ASSETS	Note Ref.	THOUSAND OF NEW TURKISH LIRA			THOUSAND OF NEW TURKISH LIRA		
		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		(30 September 2007)			(31 December 2006)		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	310	3.544	3.854	222	872	1.094
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	77.635	23.456	101.091	43.920	6.945	50.865
2.1 Trading financial assets		65.238	2.702	67.940	43.414	122	43.536
2.1.1 Public sector debt securities		43.980	2.702	46.682	27.515	-	27.515
2.1.2 Share certificates		18.982	-	18.982	14.013	-	14.013
2.1.3 Other marketable securities		2.276	-	2.276	1.886	122	2.008
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.3 Derivative financial assets held for trading		12.397	20.754	33.151	506	6.823	7.329
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	92.143	83.968	176.111	22.725	90.292	113.017
IV. MONEY MARKET PLACEMENTS		10.215	-	10.215	28.489	-	28.489
4.1 Interbank money market placements		153	-	153	15.851	-	15.851
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		10.062	-	10.062	12.638	-	12.638
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.059.157	337.435	1.396.592	879.798	343.487	1.223.285
5.1 Share certificates		23.021	2.957	25.978	18.206	1.702	19.908
5.2 Public sector debt securities		1.033.203	236.688	1.269.891	843.983	277.341	1.121.324
5.3 Other marketable securities		2.933	97.790	100.723	17.609	64.444	82.053
VI. LOANS	(5)	882.794	1.490.678	2.373.472	726.318	1.465.192	2.191.510
6.1 Loans		882.794	1.490.678	2.373.472	726.318	1.465.192	2.191.510
6.2 Non-performing loans		28.613	2.816	31.429	30.642	2.888	33.530
6.3 Specific provisions (-)		(28.613)	(2.816)	(31.429)	(30.642)	(2.888)	(33.530)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	-	-	-
8.1 Public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	93.086	-	93.086	84.623	-	84.623
9.1 Accounted for under equity method		84.802	-	84.802	69.710	-	69.710
9.2 Unconsolidated associates		8.284	-	8.284	14.913	-	14.913
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		8.284	-	8.284	14.913	-	14.913
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	319	-	319	319	-	319
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		319	-	319	319	-	319
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	3.314	234.462	237.776	4.874	281.215	286.089
12.1 Finance lease receivables		3.941	274.396	278.337	6.049	331.163	337.212
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(627)	(39.934)	(40.561)	(1.175)	(49.948)	(51.123)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		74.294	8	74.302	48.072	11	48.083
XV. INTANGIBLE ASSETS (Net)		1.623	-	1.623	843	-	843
15.1 Goodwill		1.005	-	1.005	366	-	366
15.2 Other		618	-	618	477	-	477
XVI. TAX ASSET	(12)	20.143	-	20.143	7.671	-	7.671
16.1 Current tax asset		17.787	-	17.787	6.300	-	6.300
16.2 Deferred tax asset		2.356	-	2.356	1.371	-	1.371
XVII. ASSETS HELD FOR SALE (Net)		17.356	-	17.356	-	-	-
XVIII. OTHER ASSETS	(13)	123.472	48.800	172.272	79.422	47.703	127.125
TOTAL ASSETS		2.455.861	2.222.351	4.678.212	1.927.296	2.235.717	4.163.013

TÜRKİYE SİNAI KALKINMA BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET

LIABILITIES	Note Ref.	THOUSAND OF NEW TURKISH LIRA			THOUSAND OF NEW TURKISH LIRA		
		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		(30 September 2007)			(31 December 2006)		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	15,086	31,822	46,908	10,248	1,452	11,700
III. FUNDS BORROWED	(3)	10,542	2,924,324	2,934,866	11,742	2,861,670	2,873,412
IV. MONEY MARKET BALANCES		633,531	138,205	771,736	402,803	77,441	480,244
4.1 Interbank money market takings		153	-	153	-	-	-
4.2 Istanbul Stock Exchange money market takings		16,234	-	16,234	16,482	-	16,482
4.3 Funds provided under repurchase agreements		617,144	138,205	755,349	386,321	77,441	463,762
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	5,200	-	5,200
5.1 Bills		-	-	-	5,200	-	5,200
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		85	-	85	147	-	147
VII. SUNDRY CREDITORS		98,643	8,940	107,583	71,955	5,624	77,579
VIII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(5)	174	349	523	436	444	880
10.1 Finance lease payables		198	367	565	486	471	957
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		(24)	(18)	(42)	(50)	(27)	(77)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	24,555	-	24,555	20,361	-	20,361
12.1 General loan loss provisions		17,968	-	17,968	14,099	-	14,099
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		3,752	-	3,752	3,427	-	3,427
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		2,835	-	2,835	2,835	-	2,835
XIII. TAX LIABILITY	(9)	25,279	-	25,279	19,314	-	19,314
13.1 Current tax liability		25,279	-	25,279	19,314	-	19,314
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE		-	2,102	2,102	-	-	-
XV. SUBORDINATED LOANS	(8)	-	63,681	63,681	-	73,199	73,199
XVI. SHAREHOLDERS' EQUITY	(10)	701,729	(835)	700,894	599,517	1,460	600,977
16.1 Paid-in capital		400,000	-	400,000	300,000	-	300,000
16.2 Capital reserves		22,745	(835)	21,910	52,753	1,460	54,213
16.2.1 Share premium		43	-	43	43	-	43
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		6,328	(835)	5,493	(13,764)	1,460	(12,304)
16.2.4 Tangible assets revaluation reserve		-	-	-	-	-	-
16.2.5 Intangible assets revaluation reserve		-	-	-	-	-	-
16.2.6 Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	100	-	100
16.2.7 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.8 Value increase on assets held for sale		-	-	-	-	-	-
16.2.9 Other capital reserves		16,374	-	16,374	66,374	-	66,374
16.3 Profit reserves		140,280	-	140,280	76,329	-	76,329
16.3.1 Legal reserves		29,568	-	29,568	20,160	-	20,160
16.3.2 Statutory reserves		14,861	-	14,861	9,541	-	9,541
16.3.3 Extraordinary reserves		92,931	-	92,931	43,284	-	43,284
16.3.4 Other profit reserves		2,920	-	2,920	3,344	-	3,344
16.4 Profit or loss		110,450	-	110,450	142,862	-	142,862
16.4.1 Prior years' profit/losses		21,444	-	21,444	33,148	-	33,148
16.4.2 Current year profit/loss		89,006	-	89,006	109,714	-	109,714
16.5 Minority shares	(11)	28,254	-	28,254	27,573	-	27,573
TOTAL LIABILITIES		1,509,624	3,168,588	4,678,212	1,141,723	3,021,290	4,163,013

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	THOUSAND OF NEW TURKISH LIRA			THOUSAND OF NEW TURKISH LIRA		
		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		(30 September 2007)			(31 December 2006)		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		4,640,038	5,438,921	10,078,959	635,408	1,140,091	1,775,499
I. GUARANTEES AND COLLATERALS	(1), (2)	44,882	411,506	456,388	28,503	344,087	372,590
1.1. Letters of guarantee		44,874	182,938	227,812	28,495	246,177	274,672
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3. Other letters of guarantee		44,874	182,938	227,812	28,495	246,177	274,672
1.2. Bank loans		-	96	96	-	-	-
1.2.1. Import letters of acceptance		-	96	96	-	-	-
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	133,616	133,616	-	97,910	97,910
1.3.1. Documentary letters of credit		-	133,616	133,616	-	97,910	97,910
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		8	94,856	94,864	8	-	8
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(1), (2)	465,286	1,025,230	1,490,516	249,298	321,236	570,534
2.1. Irrevocable commitments		213,769	824,770	1,038,539	30,795	73,182	103,977
2.1.1. Forward asset purchase commitments		93,692	433,993	527,685	2,867	26,898	29,765
2.1.2. Forward deposit purchase and sales commitments		91,981	390,777	482,758	-	46,284	46,284
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		-	-	-	-	-	-
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Receivables from short sale commitments		-	-	-	-	-	-
2.1.11. Payables for short sale commitments		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		28,096	-	28,096	27,928	-	27,928
2.2. Revocable commitments		251,517	200,460	451,977	218,503	248,054	466,557
2.2.1. Revocable loan granting commitments		251,517	197,317	448,834	218,503	245,609	464,112
2.2.2. Other revocable commitments		-	3,143	3,143	-	2,445	2,445
III. DERIVATIVE FINANCIAL INSTRUMENTS		4,129,870	4,002,185	8,132,055	357,607	474,768	832,375
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		4,129,870	4,002,185	8,132,055	357,607	474,768	832,375
3.2.1. Forward foreign currency buy/sell transactions		53,165	56,005	109,170	55,897	59,166	115,063
3.2.1.1. Forward foreign currency transactions-buy		53,165	4,690	57,855	55,897	1,839	57,736
3.2.1.2. Forward foreign currency transactions-sell		-	51,315	51,315	-	57,327	57,327
3.2.2. Swap transactions related to f.c. and interest rates		195,161	368,318	563,479	146,805	236,364	383,169
3.2.2.1. Foreign currency swaps-buy		27,203	250,589	277,792	-	191,588	191,588
3.2.2.2. Foreign currency swaps-sell		167,958	116,475	284,433	146,805	44,168	190,973
3.2.2.3. Interest rate swaps-buy		-	638	638	-	306	306
3.2.2.4. Interest rate swaps-sell		-	616	616	-	302	302
3.2.3. Foreign currency, interest rate and securities options		3,505,702	3,068,087	6,573,789	90,822	86,010	176,832
3.2.3.1. Foreign currency options-buy		166,600	2,789,679	2,956,279	29,766	56,400	86,166
3.2.3.2. Foreign currency options-sell		3,291,905	165,281	3,457,186	61,056	29,610	90,666
3.2.3.3. Interest rate options-buy		-	59,872	59,872	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		47,197	53,255	100,452	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		61,482	60,559	122,041	44,123	43,362	87,485
3.2.4.1. Foreign currency futures-buy		61,482	-	61,482	44,123	-	44,123
3.2.4.2. Foreign currency futures-sell		-	60,559	60,559	-	43,362	43,362
3.2.5. Interest rate futures		-	364,368	364,368	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	364,368	364,368	-	-	-
3.2.6. Other		314,360	84,848	399,208	19,960	49,866	69,826
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		3,449,526	5,086,026	8,535,552	2,814,914	3,514,194	6,329,108
IV. ITEMS HELD IN CUSTODY		3,267,035	210,035	3,477,070	2,596,215	228,869	2,825,084
4.1. Assets under management		9,300	7,583	16,883	10,500	24,171	34,671
4.2. Investment securities held in custody		1,992,475	202,090	2,194,565	1,558,831	204,698	1,763,529
4.3. Checks received for collection		195	362	557	-	-	-
4.4. Commercial notes received for collection		-	-	-	-	-	-
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		454,174	-	454,174	446,032	-	446,032
4.8. Custodians		810,891	-	810,891	580,852	-	580,852
V. PLEDGED ITEMS		182,491	4,875,991	5,058,482	218,699	3,285,325	3,504,024
5.1. Marketable securities		1,554	294,119	295,673	307	17,860	18,167
5.2. Guarantee notes		25,829	1,372,667	1,398,496	25,687	1,236,796	1,262,483
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		97,240	1,906,684	2,003,924	97,994	1,709,784	1,807,778
5.6. Other pledged items		57,868	1,302,521	1,360,389	94,711	320,885	415,596
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		8,089,564	10,524,947	18,614,511	3,450,322	4,654,285	8,104,607

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED INCOME STATEMENTS

INCOME / (LOSS) ACCOUNTS	Note Ref.	THOUSAND OF NEW TURKISH LIRA	THOUSAND OF NEW TURKISH LIRA
		Reviewed CURRENT PERIOD (01/01-30/09/2007)	Reviewed CURRENT PERIOD (01/07-30/09/2007)
I. INTEREST INCOME	(1)	307.911	116.348
1.1 Interest on loans		118.288	44.020
1.2 Interest received from reserve deposits		859	282
1.3 Interest received from banks		9.731	2.557
1.4 Interest received from money market placements		168	45
1.5 Interest received from marketable securities portfolio		160.661	63.290
1.5.1 Held-for-trading financial assets		4.319	2.132
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		156.342	61.158
1.5.4 Investments held-to-maturity		-	-
1.6 Finance lease income		12.955	4.182
1.7 Other interest income		5.249	1.972
II. INTEREST EXPENSES	(2)	(203.721)	(75.119)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(113.631)	(41.803)
2.3 Interest on money market borrowings		(217)	(150)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(89.873)	(33.166)
III. NET INTEREST INCOME (I - II)		104.190	41.229
IV. NET FEES AND COMMISSIONS INCOME		27.599	7.276
4.1 Fees and commissions received		30.221	8.318
4.1.1 Cash loans		13.516	2.605
4.1.2 Non-cash loans		1.582	440
4.1.3 Other		15.123	5.273
4.2 Fees and commissions paid		(2.622)	(1.042)
4.2.1 Cash loans		(1.134)	(456)
4.2.2 Non-cash loans		(1)	-
4.2.3 Other		(1.487)	(586)
V. DIVIDEND INCOME		7.474	5.406
VI. NET TRADING INCOME	(3)	9.567	1.756
6.1 Gains/losses on securities trading (net)		29.941	8.047
6.2 Foreign exchange gains/losses (net)		(20.374)	(6.291)
VII. OTHER OPERATING INCOME	(4)	5.582	3.226
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		154.412	58.893
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	(11.861)	(9.025)
X. OTHER OPERATING EXPENSES (-)	(6)	(43.813)	(13.571)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		98.738	36.297
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. GAIN / (LOSS) ON EQUITY METHOD		11.162	3.762
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(7)	109.900	40.059
XVI. PROVISION FOR TAXES ON INCOME (±)		(17.632)	(5.501)
16.1 Provision for current income taxes		(23.031)	(4.980)
16.2 Provision for deferred taxes		5.399	(521)
XVII. NET OPERATING INCOME AFTER TAXES (XV±XVI)		92.268	34.558
17.1 Discontinued operations		-	-
17.2 Other		92.268	34.558
XVIII. NET PROFIT/(LOSS)	(8)	92.268	34.558
18.1 Loss or Profit of the Group		89.006	33.121
18.2 Loss or Profit of the Minority		3.262	1.437
Earnings/(losses) per share		0,231	0,086

TÜRKİYE SİGMA KALKINMA BANKASI A.Ş.
STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

THOUSAND OF NEW TURKISH LIRA

CHANGES IN SHAREHOLDERS' EQUITY	Note	Effect of										Revaluation Funds	Value Increase Fund	Marketable Securities Value Increase Fund	Total Equity Attributable to Parent	Monthly Shares	Total Shareholders' Equity
		Red.	Paid in Capital	Inflation on Paid in Capital	Share Premiums	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income / (Loss)					
I. Prior Period Balance			300.000		66.374		43		20.160	9.541	43.284	3.344					
II. Changes in period																	
III. Increase/Decrease related to merger																	
IV. Investments securities available for sale																	
IV.1 Hedging Transactions																	
IV.2 Cash-Flow hedges																	
IV.3 Hedging of net investment in foreign operations																	
V. Transfers																	
V.1 Investments securities available for sale																	
V.1.1 Hedging transactions																	
V.1.2 Cash-Flow hedge																	
V.2 Hedging of net investment in foreign operations																	
VII. Period net income/(loss)																	
VIII. Profit distribution																	
8.1 Dividends distributed																	
8.2 Transfers to reserves																	
8.3 Other																	
IX. Capital increase																	
9.1 Cash																	
9.2 Intangible assets revaluation surplus																	
9.3 Bonus share from associates, subsidiaries and jointly controlled entities																	
9.4 Marketable securities value increase fund																	
9.5 Intuition adjustment to paid-in capital																	
9.6 Issuance of share certificates																	
9.7 Foreign exchange differences																	
9.8 Other																	
X. Disposal of assets																	
XI. Reclassification of assets																	
XII. Primary subordinated loans																	
XIII. Secondary subordinated loans																	
XIV. Effect of changes in associates' equities																	
XV. Other																	
Closing Balance (I+II+III+...+XIV-XV-XVI-XVII-XVIII-XIX+XX)			400.000	16.374	43		29.568	14.861	92.971	2.720	89.006	21.444		5.493	672.640	28.254	700.894

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS

THOUSAND OF NEW TURKISH LIRA
Reviewed
CURRENT PERIOD
1 January-30 September 2007

	Note Ref	
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities		163.549
1.1.1 Interest received		329.163
1.1.2 Interest paid		(175.786)
1.1.3 Dividends received		18.904
1.1.4 Fees and commissions received		28.531
1.1.5 Other income		30.601
1.1.6 Collections from previously written off loans		2.259
1.1.7 Payments to personnel and service suppliers		(31.008)
1.1.8 Taxes paid		(31.172)
1.1.9 Others		(7.943)
1.2 Changes in operating assets and liabilities		114.241
1.2.1 Net (increase) decrease in trading financial assets		(22.478)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-
1.2.4 Net (increase) decrease in loans		(180.484)
1.2.5 Net (increase) decrease in other assets		(45.222)
1.2.6 Net increase (decrease) in bank deposits		-
1.2.7 Net increase (decrease) in other deposits		-
1.2.8 Net increase (decrease) in funds borrowed		327.628
1.2.9 Net increase (decrease) in matured payables		-
1.2.10 Net increase (decrease) in other liabilities		34.797
I. Net cash provided from banking operations		277.790
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		(206.663)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		(2.915)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-
2.3 Fixed assets purchases		(38.717)
2.4 Fixed assets sales		106
2.5 Cash paid for purchase of financial assets available for sale		(185.611)
2.6 Cash obtained from sale of financial assets available for sale		20.495
2.7 Cash paid for purchase of investment securities		-
2.8 Cash obtained from sale of investment securities		-
2.9 Others		(21)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		(3.294)
3.1 Cash obtained from funds borrowed and securities issued		-
3.2 Cash outflows for repayment of funds borrowed and securities issued		-
3.3 Capital increase		-
3.4 Dividends paid		(2.724)
3.5 Payments for finance leases		(570)
3.6 Other		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(20.374)
V. Net increase / (decrease) in cash and cash equivalents		47.459
VI. Cash and cash equivalents at beginning of the period		142.525
VII. Cash and cash equivalents at end of the period		189.984

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

The 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 SEPTEMBER 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 from certain predetermined foreign currencies to eliminate the risk exposure of cross currency rates.

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

The hedging strategies for other foreign exchange risk exposures:

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

The foreign exchange gains and losses on foreign currency transactions are accounted for in the period of the transaction. Foreign exchange assets and liabilities are translated to 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 are referred to as "the Group" in this report.

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 September 2007.

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 SEPTEMBER 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 by 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 its parent Sınai Yatırım Bankası A.Ş. ceased to operate and 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 SEPTEMBER 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 SEPTEMBER 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.

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

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

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.

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

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

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.

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

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

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 Sale and Discontinued Operations

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

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

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

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 those acquired subsequently 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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 Obligations for 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 Parent 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 "Regulation on Actuaries" issued based on the related Article by an actuary registered in the Actuarial Registry.

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

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

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 banks' retirement funds to the Social Security Institution within 3 years as of the enactment date of the Banking Act. Under the Banking Act, in order to account for obligations, actuarial calculations will be made considering the income and expenses of those funds by a commission consisting of representatives from various institutions. Such calculated obligation shall be settled in equal installments in maximum 15 years. Nonetheless, the related Article of the Banking Law was withdrawn by the Constitutional Court's decisions No: E. 2005/39 and K. 2007/33 dated 22 March 2007 that were published in the Official Gazette No: 26479 on 31 March 2007 as of the release of the related decision, and the execution of this article was cancelled as of the publication of the decision.

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 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 asset or liability is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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 the repeated article numbered 298 in Tax Procedure Law numbered 213 which was changed by the Law No. 5024.

According to Article 53 of the Banking Act No 5411 on October 19, 2005, all of the specific reserves for loans and other receivables are considered as expense on the provision year for specifying corporate tax assessment based on the second item of the same article.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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.

The Corporate Marketing Management operations are included in the corporate banking. The corporate banking is serving financial solutions and banking services for its large-scale corporate customers. Among the services given to corporate customers are; 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 September 2007 is shown below.

	Corporate	Investment Banking	Other	Total
Net Interest Income	34.516	69.674	-	104.190
Net Fees and Commission Income	14.312	13.650	(363)	27.599
Other Income	-	11.178	22.607	33.785
Other Expenses	(13.880)	(31.562)	(10.232)	(55.674)
Profit Before Taxes	34.948	62.940	12.012	109.900
Taxation				(17.632)
Net Profit				92.268

XXIII. Explanations on Other Matters

None other than above explanations.

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

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

SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The capital adequacy ratio is 23,16% as at 30 September 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)	1.374.884	823.483	510.533	1.795.412	1.500.497	835.791	479.789	1.756.086
Cash	147	-	-	-	187	-	-	-
Matured Marketable Securities	573	-	-	-	573	-	-	-
Due From Central Bank of Turkey	3.094	-	-	-	3.094	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	163.623	-	-	-	176.111	-	-
Interbank Money Market Placements	-	-	-	-	153	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	10.062	-	-	-
Reserve Deposits	38.181	-	-	-	38.181	-	-	-
Loans(*)	11.590	659.860	510.533	1.460.009	11.590	659.860	479.789	1.460.009
Non-performing loans (Net)	-	-	-	-	-	-	-	-
Financial Lease Receivables (*)	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.294.186	-	-	98.104	1.294.186	-	-	102.406
Held to Maturity Investments	-	-	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	8.894	120.243	-	-	8.894
Interest and Income Accruals(**)	-	-	-	-	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control (Net)	7.610	-	-	167.510	7.610	-	-	85.795
Tangible Assets	-	-	-	35.077	-	-	-	73.509
Other Assets	19.503	-	-	25.818	14.618	-	-	25.473
Off-Balance Sheet Items	-	237.015	26.723	94.856	14.048	237.015	26.723	94.856
Guarantees and Commitments	-	113.911	26.723	94.856	14.048	113.911	26.723	94.856
Derivative Financial Instruments	-	123.104	-	-	-	123.104	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	1.374.884	1.060.498	537.256	1.890.268	1.514.545	1.072.986	506.512	1.850.942

(*): Financial lease receivables amounting to TRY 237.776 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)	2.370.996	2.318.795	1.850.926	1.877.314
Amount Subject to Market Risk (ASMR)	207.913	244.375	65.900	91.838
Amount Subject to Operational Risk (ASOR)	234.512	297.578	-	-
Shareholders' Equity	712.206	662.500	630.409	597.205
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	25,31	23,16	32,89	30,33

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

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

SECTION FOUR (Cont'd)

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	422.358	300.000	323.880
Nominal capital	400.000	422.358	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	30.132	19.433	20.746
First legal reserve (Turkish Commercial Code 466/1)	14.861	15.762	9.541	10.149
Second legal reserve (Turkish Commercial Code)	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	97.880	42.641	48.847
Reserves allocated by the General Assembly	88.920	93.951	39.721	44.363
Retained earnings	2.920	3.929	2.920	4.484
Accumulated losses	-	-	-	-
Foreign currency share capital exchange differences	-	-	-	-
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	-	-	-	-
Profit	82.773	113.749	116.337	143.596
Current period profit	82.773	92.268	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 (-)	(2.253)	(2.354)	(2.524)	(2.524)
Intangible assets (-)	(351)	(618)	(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	631.762	691.416	551.563	609.641

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

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

SECTION FOUR (Cont'd)

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	17.968	17.968	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	-	-	1.485	100
Primary subordinated loans excluded in the calculation of the Core Capital	-	-	-	-
Secondary subordinated loans	36.240	36.240	49.350	49.350
Marketable securities value increase fund	27.029	2.471	14.718	(5.469)
Associates and subsidiaries	26.096	1.538	-	-
Available for sale securities	933	933	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	81.237	56.679	79.652	58.080
TIER III CAPITAL	-	-	-	-
CAPITAL	712.999	748.095	631.215	667.721
DEDUCTIONS FROM THE CAPITAL	(793)	(85.595)	(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	-	(84.802)	-	(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	(793)	(793)	(806)	(806)
Other	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	712.206	662.500	630.409	597.205

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

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 guidelines 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 standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Bank applies parametric and historical simulation models to securities portfolio, foreign currency position on a daily or monthly basis to detect the market risks. The success of these models is tested retrospectively. The Bank also makes VaR calculations, scenario analyses and stress tests to detect the risks not caught by using internal models. Market risk is measured on a daily basis and reported to top management, Audit Committee and Board of Directors on weekly and monthly basis. 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	8.338
Resulting From Financial Instruments related to Interest Income	6.534
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	1.804
(II) Capital Requirement to be Employed For Specific Risk – Standard Method	4.588
Resulting From Financial Instruments related to Interest Income	-
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	4.588
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	6.134
Capital Requirement	6.132
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	2
(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	490
(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)	19.550
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	244.375

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

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

SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Operational Risk

The Group uses the “Basic Indicator Method” in its operational risk calculation. In accordance with the effect of Section 4 “Measuring the basis for the operational risk amount” as of 1 June 2007 set out in the “Regulation on Measurement and Assessment of Capital Adequacy of Banks” published in the Official Gazette No: 26333 on 1 November 2006, the Group calculated the basis of its consolidated operational risk amount by using its independently reviewed financial statements as of 30 June 2007 taking into account the Group’s last three years’ (2006, 2005 and 2004) gross income amount as TRY 248.588 Thousand.

Besides, since the Group is subject to consolidation process as of 31 December 2006 for the first time, an opinion was requested from the BRSA on 31 July 2007 regarding the application of the measurement of gross income amounts for the 2004 and 2005 periods before the issuance of the 30 June 2007 limited review financial statements. Following the issuance of the independently reviewed consolidated financial statements on 22 August 2007, in the 31 August 2007 dated BRSA statement, since the Bank was not subject to consolidation in 2004 and 2005, the consolidated operational risk amount was required to be calculated as; 15% of the calculated amount considering the 2006’s consolidated gross income was divided by 1 (one), and the resulting amount was multiplied by 12,5 (twelve and a half). Based on the related BRSA’s statement, the consolidated operational risk amount as of 30 September 2007 is calculated as TRY 297.578 Thousand.

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”			
28 September 2007	1,2080	1,71065	0,0104943
Prior Five Working Dates;			
27 September 2007	1,2150	1,71765	0,0105158
26 September 2007	1,2230	1,72908	0,0106533
25 September 2007	1,2230	1,72198	0,0106635
24 September 2007	1,2200	1,72008	0,0106078
21 September 2007	1,2350	1,74024	0,0107532

Simple arithmetic thirty-days averages of the USD, EURO and YEN buying rates of the Parent Bank before the balance sheet date are TRY 1,2630, TRY 1,7511 and TRY 0,010975; respectively.

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

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

SECTION FOUR (Cont'd)

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 (30.09.2007)					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	58	3.485	-	1	3.544
Due From Other Banks and Financial Institutions	46.507	34.987	1.866	608	83.968
Financial Assets at Fair Value Through Profit and Loss (**)	670	22.633	-	-	23.303
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	38.767	298.668	-	-	337.435
Loans (*)	1.175.669	1.108.295	56.050	-	2.340.014
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	8	8
Intangible Assets	-	-	-	-	-
Other Assets	185.353	90.608	7.276	25	283.262
Total Assets	1.447.024	1.558.676	65.192	642	3.071.534
Liabilities	-	-	-	-	-
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	31.936	106.269	-	-	138.205
Funds Provided From Other Financial Institutions	1.482.539	1.430.397	75.069	-	2.988.005
Securities Issued	-	-	-	-	-
Sundry Creditors	3.629	5.097	-	214	8.940
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	883	21.998	30	-	22.911
Total Liabilities	1.518.987	1.563.761	75.099	214	3.158.061
Net Balance Sheet Position	(71.963)	(5.085)	(9.907)	428	(86.527)
Net Off-Balance Sheet Position	67.149	(47.032)	11.132	667	31.916
Financial Derivative Assets	204.719	1.822.739	93.943	667	2.122.068
Financial Derivative Liabilities	(137.570)	(1.869.771)	(82.811)	-	(2.090.152)
Non-Cash Loans (****)	68.948	327.568	-	14.990	411.506
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 Off-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 extended, include TRY 849.336 Thousand foreign currency indexed loans.

(**) TRY 153 Thousand foreign exchange gains on derivatives are deducted from Financial Assets at Fair Value Through P/L.

(***) TRY 11.362 Thousand foreign exchange losses on derivatives are deducted from Other Liabilities. TRY 835 Thousand marketable securities value increase fund added to Other Liabilities.

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

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

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

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 Parent 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 ratios including the markets risk ratio to the sum of risk weighted assets and the ratio of the value at risk calculated as per the internal model to the equity.

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

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

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

SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

IV. 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.	-	-	-	-	-	3.854	3.854
Due From Other Banks and Financial Institutions	122.074	5.197	-	-	-	48.840	176.111
Financial Assets at Fair Value Through Profit and Loss	4.137	13.059	18.360	22.353	22.958	20.224	101.091
Money Market Placements	10.215	-	-	-	-	-	10.215
Available-For-Sale Financial Assets	254.034	64.541	337.160	177.133	534.813	28.911	1.396.592
Loans	366.154	719.971	1.098.834	45.103	143.410	-	2.373.472
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	138.911	162.646	27.755	6.204	21.860	259.501	616.877
Total Assets	895.525	965.414	1.482.109	250.793	723.041	361.330	4.678.212
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	771.730	6	-	-	-	-	771.736
Sundry creditors	86.262	-	-	-	-	21.321	107.583
Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	382.196	1.103.660	1.042.046	216.652	254.078	-	2.998.632
Other Liabilities	11.330	8.619	12.649	9.761	7.560	750.342	800.261
Total Liabilities	1.251.518	1.112.285	1.054.695	226.413	261.638	771.663	4.678.212
Balance Sheet Long Position	-	-	427.414	24.380	461.403	-	913.197
Balance Sheet Short Position	(355.993)	(146.871)	-	-	-	(410.333)	(913.197)
Off-Balance Sheet Long Position	-	1.794	2.492	1.096	-	-	5.382
Off-Balance Sheet Short Position	(5.399)	-	-	-	(360.401)	-	(365.800)
Total Position	(361.392)	(145.077)	429.906	25.476	101.002	(410.333)	(360.418)

(*) 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.

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

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

SECTION FOUR (Cont'd)

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	4,05	2,68	-	14,80
Financial assets at fair value through profit and loss	-	7,41	-	16,08
Money Market Placements	-	-	-	17,52
Available-For-Sale Financial Assets	5,25	7,41	-	18,16
Loans	6,91	7,82	4,86	21,27
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	3,78	4,80	-	16,94
Sundry creditors	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,61	6,00	1,96	11,00

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

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

SECTION FOUR (Cont'd)

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

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 basicy by arranging the risks with respect 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 instutions through borrowings.

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

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

SECTION FOUR (Cont'd)

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	3.854	-	-	-	-	-	-	3.854
Due From Other Banks and Financial Institutions	48.840	122.074	5.197	-	-	-	-	176.111
Financial Assets at Fair Value Through Profit and Loss	20.223	2.784	11.419	14.955	24.957	26.753	-	101.091
Money Market Placements	2.184	8.031	-	-	-	-	-	10.215
Financial Assets Available-For-Sale	2.933	16.030	26.653	35.600	444.079	845.319	25.978	1.396.592
Loans	-	44.214	40.100	97.612	254.517	1.937.029	-	2.373.472
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	16.677	106.914	28.919	13.866	29.640	178.037	242.824	616.877
Total Assets	94.711	300.047	112.288	162.033	753.193	2.987.138	268.802	4.678.212
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	112.260	39.498	40.428	515.665	2.290.781	-	2.998.632
Money Market Borrowings	-	693.227	15.405	63.104	-	-	-	771.736
Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	9.229	86.262	-	-	-	-	12.092	107.583
Other Liabilities	-	7.774	7.962	12.721	11.605	9.472	750.727	800.261
Total Liabilities	9.229	899.523	62.865	116.253	527.270	2.300.253	762.819	4.678.212
Liquidity Gap	85.482	(599.476)	49.423	45.780	225.923	686.885	(494.017)	-
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.

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

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

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	112	75	108	38
Balances with the Central Bank of Turkey	198	2.896	114	834
Other	-	573	-	-
Total	310	3.544	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	198	2.896	114	834
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	198	2.896	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 10.966 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's trading securities subject to repurchase agreements amounted to TRY 4.476 Thousand 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)

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

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

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	1.500	40	506	42
Swap Transactions	954	1.070	-	6.192
Futures Transactions	-	-	-	-
Options	9.943	19.644	-	589
Other	-	-	-	-
Total	12.397	20.754	506	6.823

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	91.844	83.968	22.725	90.292
Domestic	91.844	30.927	22.724	84.349
Foreign	-	53.041	-	5.943
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	299	-	1	-
Total	92.143	83.968	22.725	90.292

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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	696.965	149.367	418.087	27.275
Treasury bills	-	-	20	-
Other debt securities	-	-	-	49.735
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	8.881
Total	696.965	149.367	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 164.705 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	164.705	-	166.680	5.857
Other	-	-	-	-
Total	164.705	-	166.680	5.857

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

Available for sale financial assets comprise 0,01% treasury bills, 80,63% government bonds and 17,78% Eurobonds, and 1,58% shares and other securities.

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

	Current Period	Prior Period
Debt securities	1.379.955	1.193.791
Quoted on a stock exchange	1.130.760	1.026.641
Not quoted	249.195	167.150
Share certificates	34.038	29.030
Quoted on a stock exchange	10.158	1.556
Not quoted	23.880	27.474
Impairment provision(-)	(20.335)	(17.145)
Other	2.934	17.609
Total	1.396.592	1.223.285

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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	-	24.347	-	24.347
Corporate shareholders	-	24.347	-	24.347
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	2.842	-	3.918	1.410
Loans granted to employees	108	-	165	-
Total	2.950	24.347	4.083	25.757

5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	2.373.387	-	-	-
Discount notes	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Investment loans	1.261.383	-	-	-
Loans given to financial sector	702.931	-	-	-
Foreign loans	10.308	-	-	-
Consumer loans	108	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	398.657	-	-	-
Specialized loans	85	-	-	-
Other receivables	-	-	-	-
Total	2.373.472	-	-	-

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

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

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	108	-	108
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	108	-	108
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	108	-	108

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

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

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	2.363.164	2.167.807
Foreign Loans	10.308	23.703
Total	2.373.472	2.191.510

5.f Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	22.269	16.046
Indirect loans granted to subsidiaries and associates	-	-
Total	22.269	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	31.429	33.175
Total	31.429	33.530

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

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

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

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)	-	-	15.308
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	15.308
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. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Prior Period Ending Balance	-	355	33.175
Additions (+)	-	-	158
Transfers from Other Categories of Non-performing Loans (+)	-	-	205
Transfers to Other Categories of Non-performing Loans (-)	-	(205)	-
Collections (-)	-	(150)	(2.109)
Write-offs (-)	-	-	-
Current Period Ending Balance	-	-	31.429
Specific Provisions (-)	-	-	31.429
Net Balance on Balance Sheet	-	-	-

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

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

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. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
Period End Balance	-	-	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 non performing 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).

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

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

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 under repurchase agreements and 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 government securities

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 shareholding rate- If different: voting right (%)	Bank's risk group shareholding rate (%)
1	GÖZLÜK SANAYİ A.Ş. (Gözlük)	İzmir/Turkey	21,71	21,71
2	SENAPA-STAMPA AMBALAJ SANAYİ VE TİCARET A.Ş. (Senapa)	Kocaeli/Turkey	7,97	7,97
3	TERME METAL SANAYİ VE TİCARET A.Ş. (Terme)	İstanbul/Turkey	17,83	18,76
4	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"

As per the Board of Directors' resolution No: 1811 dated 7 August 2007, the Parent Bank has given the authority to its head office for the sale of all shares in Servus Bilgisayar A.Ş., Provus Bilişim Hizmetleri A.Ş. and A Bilişim Hizmetleri A.Ş., which were established by means of using venture capital funds from the sources of European Investment Bank ("EIB"). Accordingly, those associates that were included in the Unconsolidated Associates in the prior period are classified as Assets Held for Sale in the current period. The sale was realized on 1 November 2007 and sale proceeds were submitted to EIB as at 9 November 2007 in accordance with the agreement terms.

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

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

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)	3.944	4.501	3.431	1	-	(166)	(389)	-
Senapa (2)	28.715	5.494	20.783	5	-	(824)	(4.001)	-
Terme (3)	11.282	1.791	1.918	-	-	(298)	(291)	-
Ünsa (4)	77.566	26.134	34.991	101	-	(3.394)	(4.587)	-

- (1) Represent unreviewed financial statements of 30.06.07. Prior year loss is obtained from 31.12.2006 dated financial statements.
(2) Represent unreviewed financial statements of 30.06.07. Prior year loss is obtained from 31.12.2006 dated financial statements.
(3) Represent unreviewed financial statements of 30.06.07. Prior year loss is obtained from 31.12.2006 dated financial statements.
(4) Represent unaudited financial statements of 31.12.06. Prior year profit is obtained from 31.12.2005 dated financial statements.

7.b.1 Information on the consolidated associates:

	Title	Address (City/ Country)	Bank's share holding rate-If different: voting right (%)	Bank's risk group shareholding rate (%)	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)	903.811	207.515	765.679	20.081	-	34.733	40.022	100.401
İş Girişim (3)	119.460	119.279	33.124	4.141	-	8.355	13.028	12.015

- (1) Represent reviewed financial statements of 30.06.07. Prior year loss is obtained from 31.12.06 dated financial statements.
(2) Represent reviewed consolidated financial statements of 30.09.07. Prior year profit is obtained from 31.12.06 dated financial statements. Fair value is determined as of 28.09.07.
(3) Represent unreviewed consolidated financial statements of 30.09.07. Prior year profit is obtained from 31.12.06 dated financial statements. Fair values is determined as of 28.09.07.

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

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

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	15.092	8.139
Purchases	515	-
Current Year Share of Profit	14.577	8.139
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance at the End of the Period	84.802	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	59.266	48.042
Financial Service Companies	-	-
Other Associates	28.629	33.851

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

	Current Period	Prior Period
Associates quoted on domestic stock markets	79.614	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.

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

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

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 were all associates of the Parent Bank in the prior period as well.

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.

8. Information on Subsidiaries (Net)

8.a.1 Information on Unconsolidated Subsidiaries

	Title	Address (City/ Country)	Bank's share holding rate-If different: voting right (%)	Bank's risk group shareholding rate (%)
1	TSKB Gayrimenkul Değerleme A.Ş.(TSKB GMD)	İstanbul /Turkey	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)	2.187	1.704	627	43	-	520	264	-

(1) Represent unreviewed financial statements of 30.09.2007. Prior year profit is obtained from 31.12.2006 dated financial statements.

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

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

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) (Cont'd)

8.a.2 Information on Consolidated Subsidiaries

	Title	Address (City/ Country)	Bank's shareholding rate-If different: voting right (%)	Bank's risk group shareholding rate (%)
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)	159.988	40.326	8.799	4.190	-	5.320	4.934	-
TSKB GYO (2)	44.881	14.068	38.525	419	-	2.368	1.700	-
TSKB Y.O. (3)	23.213	21.848	-	617	-	1.755	(54)	4.016
YATIRIM FIN.Y.O. (4)	14.928	14.633	-	1.263	-	2.363	174	917

(1) Represent reviewed financial statements of 30.09.2007. Prior period profit is obtained from 31.12.2006 dated financial statements.

(2) Represent reviewed financial statements of 30.09.2007. Prior period profit is obtained from 31.12.2006 dated financial statements.

(3) Represent reviewed financial statements of 30.09.2007. Prior period loss is obtained from 31.12.2006 dated financial statements. Fair value is determined as of 28.09.2007.

(4) Represent reviewed financial statements of 30.09.2007. Prior period gain is obtained from 31.12.2006 dated financial statements. Fair value is determined as of 28.09.2007

	Current Period	Prior Period
Balance at the beginning of the period	61.302	53.425
Movements in period	7.673	7.877
Purchases	2.400	10.514
Free shares obtained	5.388	2.530
Dividends from current year income	-	-
Sales	-	(50)
Revaluation increase	-	-
Impairment provision	(115)	(5.117)
Balance at the end of the period	68.975	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.

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

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

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) (Cont'd)

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

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	69.294	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 Değerler 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 Değerler A.Ş. and Yatırım Finansman Menkul Değerler A.Ş. on 29 December 2006.

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	1.875	1.809	77.420	59.510
Between 1- 4 years	137.880	122.162	204.088	175.809
More than 4 years	138.582	113.805	55.704	50.770
Total	278.337	237.776	337.212	286.089

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE (Cont'd)

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

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

10. Information on Finance Lease Receivables (Net) (Cont'd)

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

	Current Period	Prior Period
Gross investments in finance leases	278.337	337.212
Unearned revenue from finance leases (-)	(40.561)	(51.123)
Cancelled finance leases (-)	-	-
Net investments in finance leases	237.776	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).

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	1.464	1.032
Financial lease adjustments	(337)	(1.598)
Derivative transaction accruals	(73)	650
Employee benefit provision	743	680
Other Provisions	525	600
Other	34	7
Total	2.356	1.371

In addition, TRY 789 Thousand deferred tax asset, 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.

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

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

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 (Cont'd)

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.

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

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

SECTION FIVE (Cont'd)

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 insurance coverage of the branch of a bank with its head office abroad if covered under the 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	79	5	-	3
Swap Transactions	5.064	11.693	10.248	718
Futures Transactions	-	-	-	-
Options	9.943	19.819	-	731
Other	-	305	-	-
Total	15.086	31.822	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	-	24.170	1.200	105.825
From Foreign Banks, Institutions and Funds	10.542	2.900.154	10.542	2.755.845
Total	10.542	2.924.324	11.742	2.861.670

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

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

SECTION FIVE (Cont'd)

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	-	528.227	1.200	532.216
Medium and long-term	10.542	2.396.097	10.542	2.329.454
Total	10.542	2.924.324	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. (13 transactions) and Vakıf Finansal Kiralama A.Ş. (22 transactions). The lease agreements are paid in equal installments. There are no issues in these transactions bringing important obligations 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	519	481	858	799
Between 1- 4 years	46	42	99	81
More than 4 years	-	-	-	-
Total	565	523	957	880

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

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

SECTION FIVE (Cont'd)

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 2 branches and also its financial subsidiaries' 10 branches with head office are subject to operational leasing. Additionally, 21 cars are within the context of operational leasing with 7 agreements. The Parent Bank has no obligations for operational leases for the current period(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	17.968	14.099
Provisions for First Group Loans and Receivables	14.255	10.978
Provisions for Second Group Loans and Receivables	-	-
Provisions for non-Cash Loans	603	435
Other	3.110	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 68.374 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.

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

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

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 63.681 Thousand). The interest expense accrual of this borrowing is TRY 3.281 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	TRY	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	22.255	-	16.512	-
Deferred tax liability	-	-	-	-
Total	22.255	-	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).

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

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

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	22.255	16.512
Taxation of securities	1.501	479
Property tax	-	-
Banking Insurance Transaction Tax (BITT)	455	174
Foreign Exchange Transaction Tax	132	116
Value Added Tax Payable	200	83
Other	588	1.816
Total	25.131	19.180

9.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	43	39
Social Security Premiums-Employer	59	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	13	12
Unemployment insurance-Employer	27	23
Other	6	6
Total	148	134

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

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

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 400.000 Thousand. This increase has been approved by BRSA as of 15 March 2007 and 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 issued for the 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.

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

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

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	3.418	-	-	-
Valuation Differences	2.910	(835)	(13.764)	1.460
Foreign Exchange Difference	-	-	-	-
Total	6.328	(835)	(13.764)	1.460

11. Information on minority shares

	Current Period	Prior Period
Paid-in-Capital	22.358	23.880
Share Premium in Excess of Par	4	4
Securities Value Increase Fund	-	150
Legal Reserves	564	586
Extraordinary Reserves	2.029	1.079
Other Profit Reserves	-	1.140
Retained Earnings / Accumulated Losses	37	29
Net Profit or Loss	3.262	705
Total	28.254	27.573

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

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

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, the total letters of credit is TRY 133.616 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 227.812 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	94.864	-
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	94.864	-
Other non-cash loans	361.524	372.590
Total	456.388	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	44.882	411.506	-	-
Letters of guarantee	44.874	182.938	-	-
Bank acceptances	-	96	-	-
Letters of credit	-	133.616	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other commitments and contingencies	8	94.856	-	-

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

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

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 (Cont'd)

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

1.c.3 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	6.342	14	210.952	51	983	3	226.890	66
Mining	-	-	-	-	-	-	-	-
Production	5.129	11	183.057	44	67	-	205.099	60
Electric, gas and water	1.213	3	27.895	7	916	3	21.791	6
Construction	9.124	20	-	-	-	-	-	-
Services	29.416	66	192.910	47	27.520	97	117.197	34
Wholesale and retail trade	-	-	91.285	22	-	-	39.167	11
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and telecommunication	2	-	91.416	22	2	-	69.570	20
Financial institutions	25.246	56	7.248	2	25.517	90	8.460	3
Real estate and renting services	168	-	2.961	1	1	-	-	-
Self-employment services	4.000	10	-	-	2.000	7	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	7.644	2	-	-	-	-
Total	44.882	100	411.506	100	28.503	100	344.087	10

2. Explanations on contingent liabilities and assets

There are 3 legal cases against the Bank, which are amounting to TRY 10 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 cancellation of the execution of these particular 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 in associates in the accompanying financial statements as a result of above cases.

4th Administrative Division of the Council of the 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.

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

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

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	45.954	72.334	-	-
Short term loans	1.957	1.262	-	-
Medium and long term loans	42.486	71.072	-	-
Interest on non-performing loans	1.511	-	-	-
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	1.519	3.252
Foreign banks	309	4.651
Branches and head office abroad	-	-
Total	1.828	7.903

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

	Current Period
Interest received from associates and subsidiaries	1.335

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

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

SECTION FIVE (Cont'd)

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	1.796	24.183
The Central Bank of Turkey	-	-
Domestic banks	1.788	3.817
Foreign banks	8	20.366
Branches and head office abroad	-	-
Other financial institutions	-	87.652
Total	1.796	111.835

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	308.393
Gains on capital market operations	148.268
On derivative financial instruments	126.787
Other	21.481
Foreign exchange gains	160.125
Losses (-)	(298.826)
Losses on capital market operations	(118.327)
On derivative financial instruments	(107.669)
Other	(10.658)
Foreign exchange losses	(180.499)

4. Information Related with Other Operating Income:

	Current Period
Provisions Released	2.793
Gains on Sale of Assets	625
From Associate and Subsidiary Sales	569
From Movable Fixed Asset Sales	56
From Other Asset Sales	-
Other	2.164
Total	5.582

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

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

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	66
III. Group	-
IV. Group	-
V. Group	66
General provision expenses	3.869
Provision expenses for possible losses	-
Foreign exchange differences on foreign currency losses	-
Marketable securities impairment expenses	7.926
Trading securities	2
Investment securities available for sale	7.924
Impairment provisions	-
Associates	-
Subsidiaries	-
Entities under common control	-
Investment securities held to maturity	-
Impairment on assets held for sale	-
Other	-
Total	11.861

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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	25.190
Reserve for employee termination benefits	129
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	1.768
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortisation expenses of intangible assets	129
Impairment on subsidiaries accounted for under equity method	-
Impairment expenses of assets held for resale	-
Depreciation expenses of assets held for resale	678
Impairment expenses of assets held for sale	-
Other operating expenses	10.997
Rent expenses	1.025
Maintenance expenses	388
Advertisement expenses	596
Other expenses	8.988
Loss on sales of assets	-
Other	4.922
Total	43.813

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 23.031 Thousand. Deferred tax benefit is TRY 5.399 Thousand.

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

Deferred tax benefit calculated on temporary differences is TRY 5.399 Thousand.

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

As of 30 September 2007, deferred tax benefit calculated based on temporary timing differences is TRY 5.399 Thousand. There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exemptions.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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 307.911 Thousand total interest income, TRY 203.721 Thousand interest expenses and TRY 27.599 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 3.262 Thousand, total shareholders equity, including current year profit attributable to minority shares is TRY 28.254 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.

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

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

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	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	9.964	168	3.918	25.757	72.743	225
Balance at end of period	17.120	168	2.842	24.347	61.685	225
Interest and commission income	515	-	114	18	2.875	-

(*)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	Non-cash	Cash	Non-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	3.918	25.757	72.743	225
Interest and commission income received	548	6	208	26	5.296	-

(*)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.

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

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

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 trusts or companies which are transformed into real estate investment trust by changing their articles of association should apply to 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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 to TSKB Gayrimenkul Yatırım Ortaklığı A.Ş (Cont'd)

In the CMB's meeting (where the application was discussed) No: 09/251 held on 8 March 2007, this 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 prospective projects that should be included in the portfolio on a quarterly period basis 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

Under the permission of the Banking Regulation and Supervision Agency (BRSA) given on 15 September 2004, the Parent Bank entered into a subordinated loan agreement with International Finance Corporation (IFC) in consideration of 50 Million US \$ having a 5 year of grace period with a maturity of 7 years on 21 September 2004. The Parent Bank also signed an amendment having an early redemption option as at 15 October 2011 with IFC on 13 November 2007 in regards to the extension of the interest discount of the related loan agreement together with its maturity to 15 September 2016 in accordance with the BRSA's permission dated 9 November 2007.

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

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

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 September 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.