

**TÜRKİYE SİNAİ KALKINMA
BANKASI ANONİM ŞİRKETİ
AND ITS SUBSIDIRIES**

CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2007

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

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Türkiye Sınai Kalkınma Bankası (the “Bank”) and its subsidiaries (together the “Group”) as of 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards (“IFRS”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IFRS.

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

Member of DELOITTE TOUCHE TOHMATSU

İstanbul, 10 September 2007

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007**

<u>ASSETS</u>	30 June 2007 <u>TRY'000</u>	31 December 2006 <u>TRY'000</u>
Liquid Assets	392	146
Balances with The Central Bank	3,804	948
Balances with Banks	232,413	113,017
Interbank Money Market Placements	4,458	15,851
Funds Lent Under Securities Resale Agreements	10,724	12,638
Investments Held for Trading (Net)	81,179	43,458
Derivative Financial Assets	9,594	7,329
Reserve Deposits at the Central Bank	39,873	44,392
Loans and Receivables (Net)	2,626,251	2,466,456
Investment Securities (Net)	1,563,436	1,239,816
Investments in Associates (Net)	78,846	68,484
Goodwill (Net)	383	383
Premises and Equipment (Net)	36,474	45,464
Investment Properties (Net)	3,651	3,651
Intangible Assets (Net)	610	477
Other Assets	94,583	82,353
Non-Current Assests Held for Sale	10,510	-
Deferred Tax Asset (Net)	6,497	3,984
Total Assets	<u>4,803,678</u>	<u>4,148,847</u>

The accompanying notes form an integral part of these financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007****LIABILITIES**

	30 June 2007 <u>TRY'000</u>	31 December 2006 <u>TRY'000</u>
Interbank Money Market Borrowings	454	12,092
Obligations Under Repurchase Agreements	838,537	463,762
Borrowings	3,076,866	2,873,559
Derivative Financial Liabilities	25,923	11,700
Obligations Under Finance Leases	242	880
Corporate Tax	11,998	10,174
Provisions	9,857	10,510
Subordinated Loan	67,789	73,199
Other Liabilities	96,014	88,330
Payables Related to Assets Held for Sale	1,780	-
Deferred Tax Liability (Net)	-	-
Total Liabilities	<u>4,129,460</u>	<u>3,544,206</u>

Equity

Share Capital		
Nominal Capital	400,000	300,000
Inflation Adjustment to Capital	730,035	780,035
Total Paid-in Capital	<u>1,130,035</u>	<u>1,080,035</u>
Premium in Excess of Par	13	13
Unrealized Gains/(Losses) on Available for Sale Investments, Net of Tax	5,681	(11,474)
Accumulated Losses	<u>(488,445)</u>	<u>(491,706)</u>
Equity Attributable to Equity Holders of the Parent	647,284	576,868
Minority Interest	26,934	27,773
Total Equity	<u>674,218</u>	<u>604,641</u>
Total Liabilities And Shareholders' Equity	<u>4,803,678</u>	<u>4,148,847</u>

The accompanying notes form an integral part of these financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 JUNE 2007

	1 January - 30 June 2007 TRY'000	1 January - 30 June 2006 TRY'000
Interest Income		
Interest on Loans	74,268	69,288
Interest on Interbank Money Market Placements	123	1,361
Interest on Securities	97,371	60,189
Interest Received from Banks	7,174	4,471
Interest on Financial Leasing	8,773	7,975
Other Interest Income	3,854	2,792
	<u>191,563</u>	<u>146,076</u>
Interest Expenses		
Interest on Interbank Money Market Borrowings	(67)	(3,635)
Interest on Borrowings	(71,828)	(68,425)
Interest on Repurchase Agreements	(56,535)	(5,271)
Other Interest Expenses	(172)	(126)
	<u>(128,602)</u>	<u>(77,457)</u>
Net Interest Income / (Expenses)	<u>62,961</u>	<u>68,619</u>
Fee and Commission Income	22,559	19,213
Fee and Commission Expenses	(2,236)	(2,724)
Net Fee and Commission Income / (Expenses)	<u>20,323</u>	<u>16,489</u>
Net Foreign Currency Gains / (Losses)	(12,202)	(8,294)
Net Securities Trading Gains / (Losses)	20,013	3,331
Total Trading Income / (Loss)	<u>28,134</u>	<u>11,526</u>
(Provision for)/Recoveries from Impairment on Loans and Receivables, Net	(2,009)	2,688
Net Operating Income / (Loss) After Impairment Losses	<u>89,086</u>	<u>82,833</u>
Other Operating Income	3,591	7,238
Other Operating Expenses	(29,339)	(37,360)
Income/ (Loss) from Associates	6,308	2,460
Income / (Loss) Before Taxation	<u>69,646</u>	<u>55,171</u>
Taxation	(11,715)	(12,635)
Net Income / (Loss)	<u>57,931</u>	<u>42,536</u>
Net Income / (Loss) Attributable to:		
Equity Holders of the Parent	55,985	42,965
Minority Interest	1,946	(429)
	<u>57,931</u>	<u>42,536</u>
Earnings Per Share:		
Weighted Number of Shares (in Million)	400,000	300,000
Earnings Per Share (In Full New Turkish Lira)	<u>0.1448</u>	<u>0.1418</u>

The accompanying notes form an integral part of these financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2007**

	Share Capital TRY'000	Inflation Adjustment to Capital TRY'000	Premium in Excess Of Par TRY'000	Unrealized Gains/(Losses) on Available For Sale Investments, Net of Tax TRY'000	Accumulated Losses TRY'000	Equity Attributable to Equity Holders of the Parent TRY'000	Minority Interest TRY'000	Total Equity TRY'000
At 1 January 2006	200,000	822,814	-	15,560	(542,619)	495,755	8,220	503,975
Transfers to capital	100,000	(42,779)	-	-	(57,221)	-	-	-
Premium in excess of par	-	-	2	-	-	2	-	2
Gain/(loss) on available for sale investments, net	-	-	-	(43,358)	-	(43,358)	-	(43,358)
Dividends paid	-	-	-	-	(2,527)	(2,527)	-	(2,527)
Change in minority interest	-	-	-	-	-	-	4,630	4,630
Income / (loss) for the period	-	-	-	-	42,965	42,965	(429)	42,536
At 30 June 2006	<u>300,000</u>	<u>780,035</u>	<u>2</u>	<u>(27,798)</u>	<u>(559,402)</u>	<u>492,837</u>	<u>12,421</u>	<u>505,258</u>
At 1 January 2007	300,000	780,035	13	(11,474)	(491,706)	576,868	27,773	604,641
Transfers to capital	100,000	(50,000)	-	-	(50,000)	-	-	-
Premium in excess of par	-	-	-	-	-	-	-	-
Gain/(loss) on available for sale investments, net	-	-	-	17,155	-	17,155	-	17,155
Dividends paid	-	-	-	-	(2,724)	(2,724)	-	(2,724)
Change in minority interest	-	-	-	-	-	-	(2,785)	(2,785)
Income / (loss) for the period	-	-	-	-	55,985	55,985	1,946	57,931
At 30 June 2007	<u>400,000</u>	<u>730,035</u>	<u>13</u>	<u>5,681</u>	<u>(488,445)</u>	<u>647,284</u>	<u>26,934</u>	<u>674,218</u>

The accompanying notes form an integral part of these financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2007

	30 June 2007 <u>TRY '000</u>	30 June 2006 <u>TRY '000</u>
Cash Flows from Operating Activities:		
Net Profit for the Year	57,931	42,536
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation of property and equipment booked in operating expenses	1,630	1,184
Amortization of intangible assets	75	45
Impairment losses on loans and receivables	2,724	1,723
Employment termination benefits	(603)	301
Income from associates	(6,308)	(2,460)
Other provision expenses	(50)	4,031
Deferred tax (benefit) / charge	6,913	11,966
Accrued (income) / expense (net)	9,652	(52,035)
Minority interest	(1,946)	429
Unrealized gains/losses effect on non-operating activities	(28,026)	458,963
Operating profits before changes in operating assets/liabilities	41,992	466,683
Changes in Operating Assets and Liabilities:		
(Increase)/decrease loans and leasing receivables	(340,648)	(605,596)
(Increase)/decrease in other assets	(20,696)	(364,206)
Increase/(decrease) in other creditors, taxes & liabilities	400,670	56,369
	39,326	(913,433)
Income taxes paid	(16,369)	(18,180)
Net Cash Provided by/ (Used in) Operating Activities	22,957	(931,613)
Cash Flows from Investing Activities:		
(Increase) in reserve requirements with the Central Bank	4,519	(22,057)
(Increase) in balances with banks	(2,856)	(259)
(Increase) in investments held for trading	(35,807)	(16,392)
(Increase) / decrease in investments	(293,114)	399,504
(Purchase) / sale of premises and equipment and investment property	(4,055)	(5,104)
Purchase of premises and equipment	7,360	-
Purchase of intangible assets	(208)	(118)
Net Cash Provided by/ (Used in) Investing Activities	(324,161)	355,574
Cash Flow from Financing Activities:		
Increase in capital	-	-
New borrowings	859,637	507,821
Repayment of borrowings	(470,828)	(241,812)
Increase in / (repayment of) obligations under finance lease	(638)	33
Dividends paid	(2,724)	(2,527)
Net Cash Provided by/ (Used in) Financing Activities	385,447	263,515
Net Increase / (Decrease) in Cash and Cash Equivalents	126,235	154,159
Effect of inflation on cash and cash equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Year	105,834	140,413
Cash and Cash Equivalents at the End of the Year	232,069	294,572

The accompanying notes form an integral part of these financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

1. ACTIVITIES OF THE BANK AND THE GROUP

Information about the Bank and its Subsidiaries

Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB" or the "Bank") was established on 31 May 1950 with the support of the World Bank and the cooperation of the Government of the Republic of Turkey, the Central Bank of Turkey and the leading Turkish commercial banks of Turkey. TSKB is the first investment and development bank of Turkey. TSKB is operating with the mission of providing assistance to private sector enterprises in all sectors of the economy primarily in the industrial sector, encouraging and assisting the participation of private and foreign capital incorporations established and to be established in Turkey, and assisting the development of the capital market in Turkey. TSKB and Sınai Yatırım Bankası A.Ş. (SYB), sister bank with similar mission, were merged pursuant to the decisions of the respective shareholders as sanctioned by the Banking Regulation and Supervision Agency (BRSA) decision no. 659 dated 27 March 2002, in accordance with Article 18 of the Banking Act No: 4389. The registered office of the Bank is at Meclisi Mebusan Cad. 161 Fındıklı, İstanbul, Turkey.

Ever since its foundation in 1950, TSKB has played an active role in every stage of Turkey's economic development. The Bank, through its support and extension of medium - term loans for more than 4,000 investment projects, has contributed significantly to the progress and development of the private sector. Over the past 35 years, the Bank provided financing through participating in the share capital of more than 100 companies. Furthermore, through offering the equity shares of such companies to the public, TSKB has been a significant milestone in this field and thus assumed a prominent and vital role in fostering the development of capital markets. The main shareholders of TSKB are T. İş Bankası Group and T. Vakıflar Bankası T.A.O. with the percentages of 50.09% and 8.38%, respectively.

Yatırım Finansman Menkul Değerler A.Ş.:

Yatırım Finansman Menkul Değerler A.Ş. was established and registered with İstanbul Trade Registry on 15 October 1976 and it was announced in the Turkish Trade Registry Gazette No: 81 on 25 October 1976. 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 Capital Markets Board ("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 invest in 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 with 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 or significant influence over management and capital of the investees, under the Capital Markets Law No: 2499 and the related legislation.

1. ACTIVITIES OF THE BANK AND THE GROUP (cont'd)

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

Information about the Bank and its Subsidiaries (cont'd)

TSKB Yatırım Ortaklığı A.Ş.:

The Company was established under the name of SYB Yatırım Ortaklığı A.Ş. on 10 November 2000. The Company's name, Sınai Yatırım Bankası Yatırım Ortaklığı A.Ş., was changed into TSKB Yatırım Ortaklığı A.Ş. on 17 April 2003 since Sınai Yatırım Bankası A.Ş. ceased to operate and it was transferred to TSKB. The name change was published in the Turkish Trade Registry Gazette No: 5784 on 24 April 2003. The Company's headquarters 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 influence over management and capital of the investees, under the Capital Markets Law No: 2499 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 is a Türkiye İş Bankası A.Ş. Group entity. The Company's headquarters is located at İş Kuleleri, Kule:2 Kat:10 34330 Levent, İstanbul, Turkey.

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 the 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. The Company is a Türkiye İş Bankası A.Ş. Group entity.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

2. BASIS OF FINANCIAL STATEMENTS

The interim consolidated financial statements as of 30 June 2007 have been prepared in accordance with IAS 34 (Interim Financial Reporting).

The Bank and its consolidated subsidiaries are referred to as the Group in this report.

The interim consolidated financial statements have been prepared on a basis consistent with the accounting policies set out in the financial statements of the Group for the year ended 31 December 2006. The financial statements of the Group as at and for the year ended 31 December 2006 are available upon request from the Bank's registered office at Meclis-i Mebusan Cad. No:161 34427 Fındıklı, İstanbul, Turkey.

The Bank's statutory consolidated financial statements for the period ended 30 June 2007 were approved by the Board of Directors on 22 August 2007.

3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

In the current period, the Bank's registered share capital ceiling has been raised up to TRY 1,000,000 Thousand from TRY 300,000 Thousand. This increase has been approved by Turkish Ministry of Industry and Trade as of 20 March 2007, and registered on 28 March 2007.

As per 16 February 2007 dated Board of Directors resolution, under the registered share capital, the Bank has increased its paid in capital from TRY 300,000 Thousand to TRY 400,000 Thousand. In respect of the resolution of the 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 were registered with the Capital Markets Board on 7 May 2007 in accordance with the provisions of the Capital Markets Law No 2499. The capital increase was approved by the BRSA on 19 April 2007 and published in the Turkish Trade Registry Gazette on 5 July 2007.

During the current period, the Bank purchased İş Faktoring Finansman Hizmetleri A.Ş.'s 1,120,000 nominal shares corresponding to 7 % of its total shares for TRY 515 Thousand which was an associate as well in the prior period, and also 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 also associates of the Bank in the prior period.

4. SEGMENT INFORMATION

Business Segments

For management purposes, the Group is currently organized into two operating divisions – banking and stock broking and other. These divisions are the basis on which the Group reports its primary segment information.

Principal activities of the Group are as follows:

Banking: investment and development bank with all corporate and commercial banking activities excluding accepting customer deposits.

Stock broking and other: intermediary stock broking activities, portfolio management and investment management and real estate investment management services.

Geographical Segments

The Group's operations are mainly located in Turkey.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

4. SEGMENT INFORMATION (cont'd)

<u>STATEMENT OF INCOME</u> <u>Period ending 30 June 2007</u>	<u>Banking</u> <u>TRY'000</u>	<u>Securities</u> <u>Brokerage</u> <u>and Other</u> <u>TRY'000</u>	<u>Combined</u> <u>TRY'000</u>	<u>Eliminations</u> <u>TRY'000</u>	<u>Total</u> <u>TRY'000</u>
Interest Income	187,468	4,095	191,563	-	191,563
Interest Expenses	(128,514)	(88)	(128,602)	-	(128,602)
Net Interest Income / (Expenses)	<u>58,954</u>	<u>4,007</u>	<u>62,961</u>	<u>-</u>	<u>62,961</u>
Net Fee and Commission Income / (Expenses)	12,256	8,067	20,323	-	20,323
Net Foreign Currency Gains / (Losses)	(12,201)	(1)	(12,202)	-	(12,202)
Net Securities Trading Gains / (Losses)	17,271	2,742	20,013	-	20,013
Total Trading Income / (Loss)	<u>17,326</u>	<u>10,808</u>	<u>28,134</u>	<u>-</u>	<u>28,134</u>
(Provision for)/Recoveries from Impairment on Loans and Receivables, net	(2,009)	-	(2,009)	-	(2,009)
Net Operating Income / (Loss) After Impairment Losses	<u>74,271</u>	<u>14,815</u>	<u>89,086</u>	<u>-</u>	<u>89,086</u>
Other Operating Income	14,285	935	15,220	(11,629)	3,591
Other Operating Expenses	(21,077)	(8,778)	(29,855)	516	(29,339)
Income / (Loss) From Associates	-	-	-	6,308	6,308
Income / (Loss) Before Tax and Monetary Gain / (Loss)	<u>67,479</u>	<u>6,972</u>	<u>74,451</u>	<u>(4,805)</u>	<u>69,646</u>

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

4. SEGMENT INFORMATION (cont'd)

<u>STATEMENT OF INCOME</u> <u>Period ending 30 June 2006</u>	<u>Banking</u> <u>TRY'000</u>	<u>Securities</u> <u>Brokerage</u> <u>and Other</u> <u>TRY'000</u>	<u>Combined</u> <u>TRY'000</u>	<u>Eliminations</u> <u>TRY'000</u>	<u>Total</u> <u>TRY'000</u>
Interest Income	142,543	3,533	146,076	-	146,076
Interest Expenses	(76,818)	(639)	(77,457)	-	(77,457)
Net Interest Income / (Expenses)	65,725	2,894	68,619	-	68,619
Net Fee and Commission Income / (Expenses)	7,688	8,801	16,489	-	16,489
Net Foreign Currency Gains / (Losses)	(8,308)	14	(8,294)	-	(8,294)
Net Securities Trading Gains / (Losses)	3,149	182	3,331	-	3,331
Total Trading Income / (Loss)	2,529	8,997	11,526	-	11,526
(Provision for)/Recoveries from Impairment on Loans and Receivables, net	2,688	-	2,688	-	2,688
Net Operating Income / (Loss) After Impairment Losses	70,942	11,891	82,833	-	82,833
Other Operating Income	6,851	503	7,354	(116)	7,238
Other Operating Expenses	(20,547)	(10,406)	(30,953)	(6,407)	(37,360)
Income / (Loss) From Associates	-	-	-	2,460	2,460
Income / (Loss) Before Tax and Monetary Gain / (Loss)	57,246	1,988	59,234	(4,063)	55,171

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

4. SEGMENT INFORMATION (cont'd)

<u>BALANCE SHEET</u>	Banking TRY'000	Securities Brokerage and other TRY'000	Combined TRY'000	Eliminations TRY'000	Total TRY'000
<u>At 30 June 2007</u>					
Total Assets	4,728,431	169,073	4,897,504	(93,826)	4,803,678
Liabilities	4,044,221	85,273	4,129,494	(34)	4,129,460
Shareholders' Equity Before Net Income	627,740	77,533	705,273	(88,986)	616,287
Net Income / (Loss)	56,470	6,266	62,736	(4,805)	57,931
Total Shareholders' Equity	684,210	83,799	768,009	(93,791)	674,218
Total Liabilities and Shareholders' Equity	4,728,431	169,072	4,897,503	(93,825)	4,803,678
<u>At 31 December 2006</u>					
Total Assets	4,073,466	165,231	4,238,697	(89,850)	4,148,847
Liabilities	3,456,520	87,731	3,544,251	(45)	3,544,206
Shareholders' Equity Before Net Income	526,181	70,816	596,997	(103,017)	493,980
Net Income / (Loss)	90,765	6,684	97,449	13,212	110,661
Total Shareholders' Equity	616,946	77,500	694,446	(89,805)	604,641
Total Liabilities and Shareholders' Equity	4,073,466	165,231	4,238,697	(89,850)	4,148,847

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

5. RELATED PARTY TRANSACTIONS AND BALANCES

The accompanying financial statements include the following balances due from or due to related parties:

	30 June 2007 <u>TRY'000</u>	31 December 2006 <u>TRY'000</u>
<u>Balances with related parties</u>		
Borrowings	200	-
Loans and advances to customers	79,080	87,098
Non-cash loans	28,484	29,726
Due from other banks	8,302	2,186
Other liabilities	-	4
	1 January - 30 June 2007 <u>TRY'000</u>	1 January - 30 June 2006 <u>TRY'000</u>
<u>Transactions with related parties</u>		
Interest and similar income	2,290	2,707
Dividend income	11,649	2,303
Net fee and commission income	136	203
Other income	-	48

Compensation of Key Management Personnel of the Group

The executive and non-executive members of the Board of Directors and management received remuneration and fees totalling TRY 4,638 thousand (2006: TRY 4,485 thousand).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

6. COMMITMENTS AND CONTINGENCIES

	30 June 2007 <u>TRY'000</u>	31 December 2006 <u>TRY'000</u>
Letters of guarantee	225,185	274,672
Letters of loan commitments	1,341,905	570,534
Letters of credit commitments	129,090	97,910
Other commitments	148,387	69,834
	<u>1,844,567</u>	<u>1,012,950</u>

7. DERIVATIVE FINANCIAL INSTRUMENTS

	2007 Assets <u>TRY'000</u>	2007 Liabilities <u>TRY'000</u>	2006 Assets <u>TRY'000</u>	2006 Liabilities <u>TRY'000</u>
Currency swaps	2,075	18,635	6,185	10,962
Options	6,548	7,202	589	732
Forward foreign exchange contracts	954	85	549	2
Interest rate swaps	17	1	6	4
	<u>9,594</u>	<u>25,923</u>	<u>7,329</u>	<u>11,700</u>

The Group is party to a variety of foreign currency forward contracts, swaps and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At the balance sheet date, the total amounts of outstanding derivatives to which the Group is committed are as follows:

	30 June 2007 <u>TRY'000</u>	31 December 2006 <u>TRY'000</u>
Forward foreign exchange contracts – buy	64,317	57,736
Forward foreign exchange contracts – sell	59,309	57,327
Futures – buy	63,486	44,123
Futures – sell	245,515	43,362
Currency swaps – buy	271,326	191,588
Currency swaps – sell	278,480	190,973
Interest rate swaps – buy	674	306
Interest rate swaps – sell	660	302
Currency option – buy	1,565,696	86,166
Currency option – sell	1,689,870	90,666
Bond option – buy	20,987	-
Bond option – sell	-	-
Other – buy	23,763	34,315
Other – sell	23,480	35,511

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

8. SUBSEQUENT EVENTS

The “Global SME Development Credit” agreement that the Bank is participating with other intermediary banks for the investment finance of SME’s across Turkey under the guarantee of Turkish Treasury amounting to EUR 300,000,000 from the European Investment Bank was signed on 19 July 2007 in Luxembourg.

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