

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

**INDEPENDENT AUDITORS'
LIMITED REVIEW REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE INTERIM PERIOD
JANUARY 1, 2008 TO JUNE 30, 2008**

*Translated into English from the
Original Turkish Report*

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

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TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT FOR THE PERIOD JANUARY 1, 2008 – JUNE 30, 2008

We have reviewed the accompanying consolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") and its financial subsidiaries (together "the Group") as at June 30, 2008 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 June 30, 2008 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.

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 Bank'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, August 21, 2008

Member of
Deloitte Touche Tohmatsu

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. FOR THE PERIOD ENDED 30 JUNE 2008**

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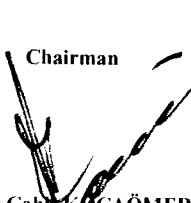
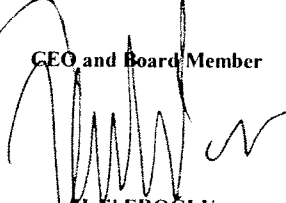
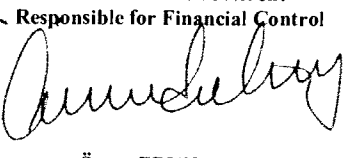
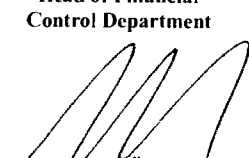

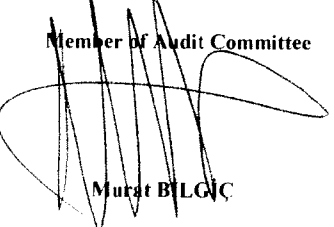
The interim consolidated financial report includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

The subsidiaries, associates and jointly-controlled ventures, whose financial statements 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	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
3	TSKB Yatırım Ortaklığı A.Ş.	İş Factoring Finansman Hizmetleri A.Ş.
4	Yatırım Finansman Yatırım Ortaklığı A.Ş.	

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

 Chairman İsmet Cahit KOCAÖMER	 CEO and Board Member Hacı EROĞLU	 Executive Vice President Responsible for Financial Control Ömer ERYILMAZ	 Head of Financial Control Department Mustafa GÖKTAS
 Member of Audit Committee Kemal Serdar DIŞLI		 Member of Audit Committee Murat BİLGİC	

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

Name-Surname / Title : Nazan Denktaş / Senior Associate, Reporting and Consolidation
Telephone Number : 0212 334 51 62

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1, 2008 TO JUNE 30, 2008
(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 Parent Bank was established in accordance with the decision of President of the Republic of Turkey numbered 3/11203 on May 12, 1950. This decision was declared by T.R. Office of Prime Ministry Procedures Directorate Decision Management on May 12, 1950.

According to the classification set out in the Banking Law No: 5411, the statute of the Parent 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 INTERIM PERIOD JANUARY 1, 2008 TO JUNE 30, 2008
(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	Postgraduate	13 years
	Mahmut Magemizoğlu	Postgraduate	23 years
	M. Baran Tuncer (***)	Postgraduate	28 years
	Burhanettin Kantar (****)	Undergraduate	16 years
	Kemal Serdar Dışli (****)	Undergraduate	19 years
	Murat Bilgiç	Postgraduate	15 years
	Cem Demirağ (*****)	Undergraduate	15 years
Member of the Board of Directors and CEO	Memduh Aslan Akçay	Postgraduate	17 years
	Halil Eroğlu	Undergraduate	24 years
Executive Vice Presidents	Şemseddin Arat	Undergraduate	23 years
	A.Orhan Beşkök	Undergraduate	19 years
	Şeniz Yarcan	Undergraduate	16 years
	Burak Akgüç	Undergraduate	14 years
	Ömer Eryılmaz	Undergraduate	20 years
	Çiğdem İçel	Undergraduate	17 years
	Ufuk Bala Yücel	Postgraduate	20 years
Legal Auditors	Zeynep Hansu Uçar	Undergraduate	13 years
	Mete Uluysurt (**)	Postgraduate	12 years

Changes

<u>Title</u>	<u>Left during the year</u>	<u>Appointed during the year</u>
Legal Auditors	Aziz Ferit Eraslan	Mete Uluysurt
Member of the Board of Directors	Ali Onur Özbilen	Mustafa Baran Tuncer
Member of Audit Committee	Burhanettin Kantar	Kemal Serdar Dışli

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

(**) In the meeting of General Assembly on March 25, 2008; Mete Uluysurt is appointed and declared as the statutory auditor to replace Aziz Ferit Eraslan.

(***) On April 18, 2008, Ali Onur Özbilen who was the member of the Board of Directors resigned from his duty. In the meeting of the Board of Directors on April 30, 2008; Mustafa Baran Yücel was appointed and declared as a member of the Board of Directors to start his duty until the next General Meeting according to the article 315 of the Turkish Commercial Code.

(****) In the meeting of the Board of Directors on April 29, 2008; Kemal Serdar Dışli was appointed as the Member of the Audit Committee to replace Burhanettin Kantar after his resignation from the Audit Committee.

(*****) On July 28, 2008, Cem Demirağ who was the member of the Board of Directors resigned from his duty. In the meeting of the Board of Directors on July 30, 2008; Remzi Altınok was appointed and declared as a member of the Board of Directors to start his duty until the next General Meeting.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1, 2008 TO JUNE 30, 2008
(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

T. İş Bankası A.Ş. (İş Bank) Group owns the qualified shares that control the Parent 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	250.489	50,10	250.489	-
T. Vakıflar Bankası T.A.O	41.888	8,38	41.888	-
Under Custody at Merkezi Kayıt Kuruluşu (National Custody Institution)	163.705	32,74	163.705	-
Other	43.918	8,78	43.918	-
Total	500.000	100,00	500.000	-

V. Summary on the Parent Bank's Functions and Areas of Activity

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Parent 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 June 2, 1950, the aim of TSKB is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services.

The Parent 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 Parent Bank has supported the development of the private sector by extending medium-term loans to more than 4000 firms. After 1960's the Bank had continued to finance over 100 firms by investing in these entities as a shareholder. The Parent Bank has also participated in improvement of capital markets by organizing public offerings of some firms.

The Parent 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 January 18, 2005 after obtaining the off-shore banking license from Bahrain Central Bank (BMA) on December 30, 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 Sheets as of June 30, 2008 and December 31, 2007
(In Thousand of New Turkish Lira)

ASSETS	Note Ref	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	424	3.733	4.157	308	3.915	4.223
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	60.282	28.351	88.633	122.014	14.459	136.473
2.1 Trading financial assets		47.027	2.937	49.964	104.609	398	105.007
2.1.1 Public sector debt securities		32.886	2.937	35.823	87.139	398	87.537
2.1.2 Share certificates		9.530	-	9.530	15.120	-	15.120
2.1.3 Other marketable securities		4.611	-	4.611	2.350	-	2.350
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		13.255	25.414	38.669	17.405	14.061	31.466
III. BANKS	(3)	47.215	46.923	94.138	38.765	12.126	50.891
IV. MONEY MARKET PLACEMENTS		14.660	-	14.660	11.858	-	11.858
4.1 Interbank money market placements		190	-	190	79	-	79
4.2 Istanbul Stock Exchange money market placements		33	-	33	22	-	22
4.3 Receivables from reverse repurchase agreements		14.437	-	14.437	11.757	-	11.757
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.153.039	402.476	1.555.515	1.350.428	322.121	1.672.549
5.1 Share certificates		20.263	2.957	23.220	26.380	2.957	23.337
5.2 Public sector debt securities		1.112.470	352.411	1.464.881	1.327.045	253.189	1.580.234
5.3 Other marketable securities		20.306	47.108	67.414	3.003	65.975	68.978
VI. LOANS	(5)	1.233.733	1.752.262	2.985.995	953.273	1.570.781	2.524.054
6.1 Loans		1.233.733	1.752.262	2.985.995	953.273	1.570.781	2.524.054
6.1.1 Loans to Risk Group of the Bank		24.180	65.558	89.738	13.942	64.697	78.639
6.1.2 Other		1.209.553	1.686.704	2.896.257	939.331	1.506.084	2.445.415
6.2 Non-performing loans		13.080	2.308	15.388	16.187	3.233	19.420
6.3 Specific provisions (-)		(13.080)	(2.308)	(15.388)	(16.187)	(3.233)	(19.420)
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)	113.873	-	113.873	96.934	-	96.934
9.1 Accounted for under equity method		105.593	-	105.593	88.654	-	88.654
9.2 Unconsolidated associates		8.280	-	8.280	8.280	-	8.280
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		8.280	-	8.280	8.280	-	8.280
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 (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	1.849	229.278	231.127	2.707	228.055	230.762
12.1 Finance lease receivables		2.128	262.246	264.374	3.205	267.492	270.695
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(270)	(32.968)	(33.247)	(496)	(39.437)	(39.933)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		83.373	6	83.379	81.251	7	81.258
XV. INTANGIBLE ASSETS (Net)		1.324	-	1.324	1.591	-	1.591
15.1 Goodwill		1.005	-	1.005	1.005	-	1.005
15.2 Other		319	-	319	586	-	586
XVI. INVESTMENT PROPERTY (Net)	(12)	4.945	-	4.945	4.945	-	4.945
XVII. TAX ASSET	(13)	12.865	-	12.865	28.424	-	28.424
17.1 Current tax asset		5.800	-	5.800	22.174	-	22.174
17.2 Deferred tax asset		7.065	-	7.065	6.250	-	6.250
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(14)	10.510	-	10.510	10.510	-	10.510
18.1 Assets held for sale		10.510	-	10.510	10.510	-	10.510
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(15)	38.439	55.789	94.228	48.971	49.726	98.697
TOTAL ASSETS		2.776.850	2.518.818	5.295.668	2.752.298	2.201.190	4.953.488

The accompanying notes form an integral part of these financial statements

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Consolidated Balance Sheets as of June 30, 2008 and December 31, 2007
(In Thousand of New Turkish Liras)

LIABILITIES	Note Ref.	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(11)	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	14,768	27,728	42,496	31,780	13,432	45,212
III. FUNDS BORROWED	(3)	62,184	3,565,278	3,627,462	58,186	3,067,988	3,126,174
IV. MONEY MARKET BALANCES		592,348	140,033	732,381	779,827	67,670	847,497
4.1 Interbank money market takings		12,640	-	12,640	79	-	79
4.2 Istanbul Stock Exchange money market takings		7,016	-	7,016	3,169	-	3,169
4.3 Funds provided under repurchase agreements		572,692	140,033	712,725	776,579	67,670	844,249
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		48	-	48	72	-	72
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		48	-	48	72	-	72
VII. SUNDRY CREDITORS		44,311	10,906	55,217	48,185	17,743	65,928
VIII. OTHER LIABILITIES	(4)	1,119	-	1,119	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5)	62	537	599	129	351	480
10.1 Finance lease payables		69	563	632	154	367	521
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		(17)	(126)	(143)	(125)	(116)	(141)
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)	41,388	-	41,388	31,805	-	31,805
12.1 General loan loss provisions		22,927	-	22,927	18,814	-	18,814
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		4,189	-	4,189	3,699	-	3,699
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		14,272	-	14,272	9,292	-	9,292
XIII. TAX LIABILITY	(9)	9,265	-	9,265	38,662	-	38,662
13.1 Current tax liability		9,265	-	9,265	38,662	-	38,662
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	3,105	3,105	-	2,252	2,252
14.1 Held for sale		-	3,105	3,105	-	2,252	2,252
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(18)	-	58,654	58,654	-	59,624	59,624
XVI. SHAREHOLDERS' EQUITY	(10)	755,855	(31,921)	723,934	735,925	(1431)	735,782
16.1 Paid-in capital		500,000	-	500,000	400,000	-	400,000
16.2 Capital reserves		(2,004)	(31,921)	(33,925)	28,488	(143)	28,545
16.2.1 Share premium		43	-	43	43	-	43
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(30,796)	(31,921)	(62,717)	12,077	(143)	11,928
16.2.4 Tangible assets revaluation differences		28,378	-	28,378	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	16,374	-	16,374
16.3 Profit reserves		178,572	-	178,572	141,311	-	141,311
16.3.1 Legal reserves		43,809	-	43,809	29,568	-	29,568
16.3.2 Statutory reserves		22,235	-	22,235	14,861	-	14,861
16.3.3 Extraordinary reserves		109,008	-	109,008	93,962	-	93,962
16.3.4 Other profit reserves		2,920	-	2,920	2,920	-	2,920
16.4 Profit or loss		54,260	-	54,260	136,943	-	136,943
16.4.1 Prior years' income losses		(115,511)	-	(115,511)	20,413	-	20,413
16.4.2 Current year income loss		69,771	-	69,771	116,530	-	116,530
16.5 Minority shares	(11)	25,024	-	25,024	29,183	-	29,183
TOTAL LIABILITIES AND EQUITY		1,521,348	3,774,320	5,295,668	1,724,571	3,228,917	4,953,488

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Consolidated Statement of Off-Balance Sheet Contingencies and Commitments as of June 30, 2008 and December 31, 2007

(In Thousand of New Turkish Lira)

	Note Ref.	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		2.159.003	4.667.434	6.826.437	3.715.453	4.258.482	7.973.935
I. GUARANTEES AND COLLATERALS	(1), (2)	99.927	477.468	577.395	69.344	415.387	484.731
1.1. Letters of guarantee		99.919	175.041	274.960	69.336	147.718	217.054
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		99.919	175.041	274.960	69.336	147.718	217.054
1.2. Bank loans		-	-	-	-	77	77
1.2.1. Import letters of acceptance		-	-	-	-	77	77
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	203.225	203.225	-	176.439	176.439
1.3.1. Documentary letters of credit		-	203.225	203.225	-	176.439	176.439
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	99.202	99.210	8	91.153	91.161
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1), (2)	331.137	818.570	1.149.707	200.503	377.856	578.359
2.1. Irrevocable commitments		35.542	589.831	625.373	10.494	159.827	170.321
2.1.1. Forward asset purchase and sales commitments		35.542	589.831	625.373	10.494	159.827	170.321
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		-	-	-	-	-	-
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		295.595	228.739	524.334	190.009	218.029	408.038
2.2.1. Revocable loan granting commitments		295.595	225.558	521.153	190.009	215.000	405.009
2.2.2. Other revocable commitments		-	3.181	3.181	-	3.029	3.029
III. DERIVATIVE FINANCIAL INSTRUMENTS		1.727.939	3.371.396	5.099.335	3.445.606	3.465.239	6.910.845
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		1.727.939	3.371.396	5.099.335	3.445.606	3.465.239	6.910.845
3.2.1. Forward foreign currency buy/sell transactions		63.115	66.804	129.919	40.849	117.323	158.172
3.2.1.1. Forward foreign currency transactions-buy		47.950	18.474	66.424	40.672	40.360	81.032
3.2.1.2. Forward foreign currency transactions-sell		15.165	48.330	63.495	177	76.963	77.140
3.2.2. Swap transactions related to f.c. and interest rates		176.458	523.414	699.872	144.786	342.409	487.195
3.2.2.1. Foreign currency swaps-buy		69.907	280.208	350.115	27.203	211.543	238.746
3.2.2.2. Foreign currency swaps-sell		106.551	242.574	349.125	117.583	130.097	247.680
3.2.2.3. Interest rate swaps-buy		-	327	327	-	396	396
3.2.2.4. Interest rate swaps-sell		-	305	305	-	373	373
3.2.3. Foreign currency, interest rate and securities options		1.468.406	2.225.458	3.693.864	2.845.008	2.526.918	5.369.926
3.2.3.1. Foreign currency options-buy		718.208	1.093.918	1.812.126	1.419.300	1.210.825	2.630.125
3.2.3.2. Foreign currency options-sell		750.198	1.063.988	1.814.186	1.399.900	1.225.990	2.625.890
3.2.3.3. Interest rate options-buy		-	33.776	33.776	-	30.036	30.036
3.2.3.4. Interest rate options-sell		-	33.776	33.776	-	30.036	30.036
3.2.3.5. Securities options-buy		-	-	-	23.808	30.031	53.839
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	8.504	8.490	16.994
3.2.4.1. Foreign currency futures-buy		-	-	-	8.241	256	8.497
3.2.4.2. Foreign currency futures-sell		-	-	-	263	8.234	8.497
3.2.5. Interest rate futures		-	459.359	459.359	-	394.754	394.754
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	459.359	459.359	-	394.754	394.754
3.2.6. Other		19.960	96.361	116.321	408.460	75.346	483.806
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		3.242.046	6.942.933	10.184.979	3.857.973	5.004.453	8.862.426
IV. ITEMS HELD IN CUSTODY		2.951.013	194.076	3.145.089	3.675.482	128.462	3.803.944
4.1. Assets under management		8.647	4.156	12.803	6.800	4.557	11.357
4.2. Investment securities held in custody		1.707.813	189.920	1.897.733	2.199.253	123.905	2.323.158
4.3. Cheques received for collection		30	-	30	185	-	185
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		456.991	-	456.991	453.704	-	453.704
4.8. Custodians		777.532	-	777.532	1.015.540	-	1.015.540
V. PLEDGED ITEMS		291.033	6.748.857	7.039.890	182.491	4.875.991	5.058.482
5.1. Marketable securities		9.216	315.965	325.181	1.554	294.119	295.673
5.2. Guarantee notes		52.804	1.687.750	1.740.554	25.829	1.372.667	1.398.496
5.3. Commodities		-	-	-	-	-	-
5.4. Warrants		-	-	-	-	-	-
5.5. Properties		122.065	2.590.001	2.712.066	97.240	1.906.084	2.003.924
5.6. Other pledged items		106.948	2.155.141	2.262.089	57.808	1.302.521	1.360.389
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		5.401.049	11.610.367	17.011.416	7.573.426	9.262.935	16.836.361

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Consolidated Income Statements for the periods ended June 30, 2008 and June 30, 2007
(In Thousand of New Turkish Lira)
(Bin Yeni Türk Lirası)

INCOME / (LOSS) ACCOUNTS	Note Ref	Reviewed		Reviewed	
		CURRENT PERIOD January 1- June 30, 2008	PRIOR PERIOD January 1- June 30, 2007	CURRENT PERIOD April 1- June 30, 2008	PRIOR PERIOD April 1- June 30, 2007
I. INTEREST INCOME	(1)	221.073	202.474	105.870	104.533
1.1 Interest on loans		91.305	85.179	52.651	46.925
1.2 Interest received from reserve deposits		425	577	192	289
1.3 Interest received from banks		4.099	7.174	2.095	4.515
1.4 Interest received from money market placements		120	123	59	69
1.5 Interest received from marketable securities portfolio		114.544	97.371	46.215	46.404
1.5.1 Held-for-trading financial assets		860	2.187	(94)	1.196
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		113.684	95.184	46.309	45.208
1.5.4 Investments held-to-maturity		-	-	-	-
1.6 Finance lease income		8.989	8.775	3.951	4.218
1.7 Other interest income		1.591	5.277	709	2.115
II. INTEREST EXPENSES	(2)	(116.432)	(129.280)	(70.225)	(68.598)
2.1 Interest on deposits		-	-	-	-
2.2 Interest on funds borrowed		(65.796)	(72.506)	(45.356)	(36.242)
2.3 Interest on money market borrowings		(50.505)	(56.619)	(24.786)	(32.294)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		1351	(155)	(85)	(62)
III. NET INTEREST INCOME (I - II)		104.641	73.194	35.645	35.935
IV. NET FEES AND COMMISSIONS INCOME		8.395	10.090	3.888	4.379
4.1 Fees and commissions received		9.005	11.648	4.286	5.725
4.1.1 Non-cash loans		869	1.142	425	307
4.1.2 Other		8.194	10.506	3.861	5.418
4.2 Fees and commissions paid		(608)	(11.558)	(1598)	(11.346)
4.2.1 Non-cash loans		111	(11)	11	(11)
4.2.2 Other		(697)	(11.557)	(1597)	(11.345)
V. DIVIDEND INCOME		2.251	2.068	987	987
VI. NET TRADING INCOME	(3)	(13.578)	7.811	3.174	7.222
6.1 Securities trading gains/ (losses)		1.386	20.015	(545)	16.594
6.2 Foreign exchange gains/losses (net)		(14.964)	(12.202)	3.719	(9.372)
VII. OTHER OPERATING INCOME	(4)	9.122	2.356	5.856	531
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		110.831	95.519	49.550	49.054
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	(11.922)	(2.836)	2.119	417
X. OTHER OPERATING EXPENSES (-)	(6)	(36.720)	(30.242)	(19.541)	(15.802)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		62.189	62.441	32.128	33.669
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		19.634	7.400	12.691	3.324
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		81.823	69.841	44.819	36.993
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(7)	(15.658)	(12.131)	(5.972)	(6.976)
16.1 Provision for current income taxes		(6.741)	(18.051)	(777)	(12.054)
16.2 Provision for deferred taxes		(8.917)	5.920	(15.195)	5.078
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(8)	66.165	57.710	38.847	30.017
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1 Provision for current income taxes		-	-	-	-
21.2 Provision for deferred taxes		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XVIII. NET PROFIT/LOSS (XVII+XXII)	(9)	66.165	57.710	38.847	30.017
25.1 Group's profit/loss		69.771	55.885	38.903	28.724
25.2 Minority shares		(3.606)	1.825	(156)	1.293
Earnings/losses per share		0.152	0.115	0.0178	0.060

The accompanying notes form an integral part of these financial statements

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Statement of Profit-Loss Items Accounted for under Shareholders' Equity for the periods ended June 30, 2008 and June 30, 2007
(In Thousand of New Turkish Lira)

	Reviewed	
	CURRENT PERIOD	PRIOR PERIOD
	January 1-June 30, 2008	January 1-June 30, 2007
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(79.842)	13.788
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS	(2.430)	3.192
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	7.627	215
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(74.645)	17.195
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(736)	6.880
XI. CURRENT YEAR PROFIT/LOSS	(736)	6.880
1.1 Net changes in fair value of securities (Recycled to Profit/Loss)	-	-
1.2 Reclassification of and recycling derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Recycling hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	(75.381)	24.075

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Consolidated Statement of Cash Flows for the periods ended at June 30, 2008 and June 30, 2007
(In Thousand of New Turkish Lira)

	Note Ref	Reviewed	Reviewed
		CURRENT PERIOD	PRIOR PERIOD
		January 1-30 June 2008	January 1-30 June 2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		77.486	66.244
1.1.1 Interest received		224.023	176.518
1.1.2 Interest paid		(142.355)	(125.253)
1.1.3 Dividends received		2.967	13.446
1.1.4 Fees and commissions received		9.003	20.651
1.1.5 Other income		20.161	22.667
1.1.6 Collections from previously written off loans		4.302	836
1.1.7 Payments to personnel and service suppliers		(29.166)	(25.668)
1.1.8 Taxes paid		(17.523)	(16.369)
1.1.9 Others		6.074	(584)
1.2 Changes in operating assets and liabilities		(54.312)	339.462
1.2.1 Net (increase) decrease in financial assets		41.478	(38.716)
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		85	-
1.2.4 Net (increase) decrease in loans		(467.943)	(187.267)
1.2.5 Net (increase) decrease in other assets		35.784	(2.407)
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		364.482	564.467
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(28.198)	3.385
I. Net cash provided from banking operations		23.174	405.706
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		41.175	(273.347)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	(3.073)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(4.131)	(2.422)
2.4 Fixed assets sales		445	180
2.5 Cash paid for purchase of financial assets available for sale		-	(268.032)
2.6 Cash obtained from sale of financial assets available for sale		44.861	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(3.519)	(2.551)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(2.815)	(2.724)
3.5 Payments for finance leases		-	(851)
3.6 Other		(704)	1.024
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(14.964)	(12.201)
V. Net increase / (decrease) in cash and cash equivalents		45.866	117.607
VI. Cash and cash equivalents at beginning of the period		66.967	142.525
VII. Cash and cash equivalents at end of the period		112.833	260.132

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1, 2008 TO JUNE 30, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of Financial Statements:

As prescribed in the Article 37 of the Banking Act No. 5411, banks shall, in line with the principles and procedures to be established by the Banking Regulation and Supervision Agency ("BRSA") upon consulting the associations of financial institutions and the Turkish Accounting Standards Board taking into consideration international standards, ensure uniformity in their accounting systems; correctly record all their transactions; and timely and accurately prepare their financial reports in a style and format that will meet disclosure requirements, clearly reliable and comparable, and suitable for auditing, analysis and interpretation.

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

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

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

I.b The valuation principles used in the preparation of the consolidated financial statements:

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the related regulations, announcements and decrees of Turkish Accounting Standards and Banking Regulation and Supervision Agency. These accounting policies and valuation principles are explained in the below notes through II to XXIII.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 credits extended by the Bank have the flexibility of reflecting the changes in market interest rates to customers, the interest rate risk is kept at minimum level. Moreover, the highly profitable Eurobond and the foreign currency government in debtness 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, 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 harmonizing the profitability of the projects, the collateral and the value add introduced by the Bank.

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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., 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 November 8, 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 June 30, 2008.

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

Yatırım Finansman Menkul Değerler A.Ş.:

Yatırım Finansman Menkul Değerler A.Ş. was established and registered in Istanbul Trade Registry on October 15, 1976 and it was announced in the Turkish Trade Registry Gazette No: 81 on October 25, 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 April 2, 1999. The Company’s purpose is to perform capital market operations specified in the Company’s main contract in accordance with the Capital Market Board (“CMB”) and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on December 29, 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 February 3, 2006.

Yatırım Finansman Yatırım Ortaklığı A.Ş. :

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

TSKB Yatırım Ortaklığı A.Ş.:

The Company was established under the name of SYB Yatırım Ortaklığı A.Ş. on November 10, 2000. The Company's name, Sınai Yatırım Bankası Yatırım Ortaklığı A.Ş., was changed into TSKB Yatırım Ortaklığı A.Ş. on April 17, 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 April 24, 2003. The Company's headquarters is in Istanbul.

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.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. was established on February 8, 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-Istanbul/Türkiye.

İş Factoring Finansman Hizmetleri A.Ş.

İş Factoring Finansman Hizmetleri A.Ş., was incorporated in Turkey on July 4, 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.

The 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, Istanbul.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 Parent 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 method (the rate that equalizes the future cash flows of financial assets and liabilities to the current net book value).

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

VI. Fees and Commission Income and Expenses

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 constitute majority of total risks. Financial instruments affect liquidity, market, and credit risks on the Group's balance sheet in all respects. The Group 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 valued 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.

Marketable Securities:

The 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.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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.

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 gains/losses 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 that are recorded in the securities value increase fund under equity are transferred to income statement.

Loans:

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

VIII. Explanations on Impairment on Financial Assets

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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.

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

Funds provided under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements-TRY” and “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 Group and if there is enough evidence that the sale plan of the related asset (or disposal group of asset) of the Group is still in process, the delay in the sales process does not prevent the classification of the asset (or disposal group of asset) as an asset held for sale.

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XII. Explanations on Goodwill and Other Intangible Assets

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets that are acquired prior to January 1, 2005 are carried at restated historical cost as of December 31, 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 January 1, 2005, are accounted for at their restated costs as of December 31, 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment.

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

Normal maintenance and repair cost of the properties are expensed.

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XIV. Explanations on Leasing Transactions

The Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. The lease payments are allocated as principle and interest. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as Lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in profit or loss in accordance with the Group's general policy on borrowing costs. Tangible fixed assets acquired by financial leases are amortized based on the useful lives of the assets.

XV. Explanations on Provisions and Contingent Liabilities

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

XVI. Explanations on Liabilities Regarding Employee Benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. In retirement and involuntarily leaving, the Group records the present value of the defined benefit obligation.

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

Employees of the 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 "Regulations on Actuaries" issued based on the related Article by an actuary registered in the Actuarial Registry.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

Paragraph 1 of the provisional Article 23 of the Banking Act ("Banking Act") No: 5411 published in the Official Gazette No: 25983 on November 1, 2005 requires the transfer of banking funds to the Social Security Institution within 3 years as of the enactment date of the Banking Act. Under the Banking Act, in order to account for obligations, actuarial calculations will be made considering the income and expenses of those funds by a commission consisting of representatives from various institutions. Such calculated obligation shall be settled in equal installments in maximum 15 years. Nonetheless, the related Article of the Banking Law was withdrawn by the Constitutional Court's decision No: E. 2005/39 and K. 2007/33 dated March 22, 2007 that were published in the Official Gazette No: 26479 on March 31, 2007 as of the release of the related decision, and the execution of this article was cancelled as of its publication of the decision and the underlying reasoning for the cancellation of the related article was published in the Official Gazette No: 26731 on December 15, 2007.

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

Present value for the liabilities of the transferees as of the transfer date would be calculated by a commission that involves representatives of Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, SDİF, banks and banks' pension fund institutions. If salaries and benefits paid by the pension fund of banks and income and expenses of the pension funds in respect of the insurance branches, stated in the Law, exceeds the salaries and benefits paid under the regulations of Social Security Institution, such differences would be considered while calculating the present value for the liabilities of the transferees.

Unmet social benefits and payments of the pension fund participants and other employees that receive monthly income although they are within the scope of the related settlement deeds would be met by pension funds and the institutions employ these participants after the transfer of pension funds to the Social Security Institution.

By considering the laws expressed above about the transfer of pension funds; there is neither technical nor actual deficit to require a provision for unpaid social benefits and payments of the pension funds although they are belong to the related settlement deeds, according to the technical balance sheet report on December 31, 2007 that is audited in the context of the third paragraph stated above in accordance with TAS 19.

According to the technical balance sheet report audited by the actuary, there is neither technical nor actual deficit requiring to provide any provision 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.

In addition, the Parent Bank's management anticipates that any liability that may come out during the transfer period and after in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Bank.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XVII. Explanations on Taxation

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

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible 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 by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is 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 January 1, 2004 in accordance with the repeated article numbered 298 in Tax Procedural Law numbered 213 which was changed by the Law No. 5024.

According to the second paragraph of the Article 53 of the Banking Act No 5411 dated October 19, 2005, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

XVIII. Additional Explanations on Borrowings

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XIX. Explanations on Share Certificates

In the current period, the Parent Bank's share capital has increased by TRY 100.000 Thousand. TRY 84.000 Thousand of this increase, in respect of the resolution of the General Assembly, is transferred from the profit of the year 2007 and TRY 16.000 Thousand from the share capital inflation restatement adjustment. The increase in the paid capital is approved by the BRSA on April 11, 2008 and by the resolution of the Capital Markets Board numbered 15/582 on May 23, 2008. The registration has been completed by T.C. İstanbul Ticaret Sicili Memurluğu on May 30, 2008 and the increase has been recorded to the capital account.

In the prior period, in respect of the resolution of the 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 the share capital inflation restatement adjustment

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 doesn't use government incentives.

XXII. Explanations on Segment Reporting

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

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

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

The segmental allocation of the Group's net profit as of June 30, 2008 is shown below.

	Corporate	Investment Banking	Other	Total
Net Interest Income	43.941	59.052	1.648	104.641
Net Commission and Fees Income	2.878	939	4.578	8.395
Other Income	4.504	5.561	22.328	32.393
Other Expense	(16.953)	(26.430)	(20.223)	(63.606)
Profit Before Tax	34.370	39.122	8.331	81.823
Tax Provision				(15.658)
Net Profit				66.165

XXIII. Explanations on Other Matters

None, other than the explanations above

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The capital adequacy ratio is 19,91 % as at June 30, 2008. Related to the calculation of the capital adequacy ratio, the risk weighted assets, the commitments and non-cash loans are classified according to the collateral groups and evaluated within the particular risk group.

Information related to the capital adequacy ratio: (Thousand TRY)

	Risk Weight(**)				Risk Weight(**)			
	Bank				Consolidated			
Amounts Subject to Credit Risk	0%	20%	50%	100%	0%	20%	50%	100%
Balance Sheet Items (Net)	1.568.977	682.616	583.067	2.292.497	1.654.659	687.851	543.727	2.314.821
Cash	219	-	-	-	312	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	3.845	-	-	-	3.845	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	64.563	-	-	29.575	64.563	-	-
Interbank Money Market Placements	-	-	-	-	223	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	14.437	-	-	-
Reserve Deposits	45.217	-	-	-	45.217	-	-	-
Loans(*)	4.089	545.440	551.339	1.917.272	4.089	545.440	511.999	1.924.467
Non-performing loans (Net)	-	-	-	-	-	-	-	-
Financial Lease Receivables	78	56.721	31.728	142.600	78	56.721	31.728	142.600
Available-For-Sale Financial Assets	1.495.347	15.892	-	39.680	1.499.943	15.892	-	39.680
Held to Maturity Investments	-	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	1.809	36.226	-	-	2.364
Interest and Income Accruals(*)	-	-	-	-	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	7.597	-	-	162.683	7.597	-	-	106.595
Tangible Assets	-	-	-	15.797	-	-	-	86.891
Other Assets	12.585	-	-	12.656	13.117	5.235	-	12.224
Off-Balance Sheet Items	2.296.233	205.072	40.645	102.383	2.296.233	205.072	40.645	102.383
Guarantees and Commitments	2.296.233	137.484	40.645	102.383	2.296.233	137.484	40.645	102.383
Derivative Financial Instruments	-	67.588	-	-	-	67.588	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	3.865.210	887.688	623.712	2.394.880	3.950.892	892.923	584.372	2.417.204

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

(**) The Group does not have any assets and liabilities with risk weighted as 10%, 150% and 200%.

Summary information related to the capital adequacy ratio:

	Bank	Consolidated	Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Total Risk Weighted Assets (TRWA)	2.884.274	2.887.975	2.474.475	2.420.299
Amount Subject to Market Risk (ASMR)	388.400	410.013	177.775	207.325
Amount Subject to Operational Risk (ASOR)	280.666	259.673	253.441	297.808
Shareholders' Equity	767.516	708.224	797.430	718.833
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	21.60	19.91	27.44	24.57

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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:

	Bank	Consolidated	Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
CORE CAPITAL				
Paid-in capital	500.000	500.000	400.000	400.000
Nominal capital	500.000	500.000	400.000	400.000
Capital commitments (-)	-	-	-	-
Inflation adjustment to share capital	374	374	16.374	16.374
Share premium	-	43	-	43
Share cancellation profits	-	-	-	-
Legal reserves	42.581	43.809	28.526	29.568
First legal reserve (Turkish Commercial Code 466/1)	22.235	23.027	14.861	15.489
Second legal reserve (Turkish Commercial Code 466/2)	20.346	20.730	13.665	14.079
Other legal reserve per special legislation	-	52	-	-
Statutory reserves	22.235	22.235	14.861	14.861
Extraordinary reserves	102.699	112.528	91.840	96.882
Reserves allocated by the General Assembly	99.779	109.608	88.920	93.962
Retained earnings	2.920	2.920	2.920	2.920
Accumulated losses	-	-	-	-
Foreign currency share capital exchange differences	-	-	-	-
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	-	-	-	-
Profit	73.428	69.771	147.481	136.943
Current period profit	73.428	69.771	147.481	116.530
Prior years' profits	-	-	-	20.413
Provisions for possible losses up to 25% of core capital	11.808	11.808	6.808	6.808
Gains on sale of associates and subsidiaries and properties to be added to capital	28.378	28.378	-	-
Primary subordinated loans up to 15% of the Core Capital	-	-	-	-
Minority shares	-	25.024	-	29.183
Losses that cannot be covered by reserves (-)	-	(15.511)	-	-
Net current period loss	-	-	-	-
Prior years' losses	-	(15.511)	-	-
Leasehold improvements (-)	-	-	-	(262)
Prepaid expenses (-)	(2.902)	(3.220)	(2.765)	(3.326)
Intangible assets (-)	(319)	(319)	(323)	(324)
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)	-	(1.005)
Total Core Capital	778.282	793.915	702.802	725.745

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	Current Period		Prior Period	
	Bank	Consolidated	Bank	Consolidated
SUPPLEMENTARY CAPITAL				
General Loan Loss Provisions	23.620	22.927	19.396	18.814
45% of the revaluation reserve for movable fixed assets	-	-	-	-
45% of the of revaluation reserve for properties	-	-	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control (joint venture) Net	-	-	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-	-	-
Secondary subordinated loans	61.125	61.125	58.200	58.200
Marketable securities value increase fund	(94.078)	(62.717)	17.593	5.289
Associates and subsidiaries	(30.381)	980	13.838	1.535
Available for sale securities	(63.697)	(63.697)	3.755	3.754
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Total supplementary capital	(9.333)	21.335	95.189	82.303
TIER III CAPITAL	-	-	-	-
CAPITAL	768.949	815.250	797.991	808.048
DEDUCTIONS FROM THE CAPITAL	(1.433)	(107.026)	(561)	(89.215)
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 to which are accounted for under equity method, but, are not consolidated	-	(105.593)	-	(88.654)
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	(1.433)	(1.433)	(561)	(561)
Other	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	767.516	708.224	797.430	718.833

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SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Consolidated Market Risk

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

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

The standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Parent 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 weekly and monthly.

a) Information related to the market risk

The market risk table is as follows:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	26.667
Resulting From Financial Instruments related to Interest Income	25.387
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	1.280
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	3.578
Resulting From Financial Instruments related to Interest Income	2.298
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	1.280
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	2.556
Capital Requirement	2.503
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	53
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	32.801
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	410.013

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SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Consolidated Operational Risk

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

IV. Explanations Related to Consolidated Currency Risk

No long or short position is taken due to the uncertainties and changes in the markets therefore; no exposure to foreign currency risk is expected. However, possible foreign currency risks are calculated on a weekly and monthly basis under the standard method in the foreign currency risk table and their results are reported to the official authorities and the Parent 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 Parent 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"			
June 30, 2008	1,2225	1,9301	0,011530
Prior Five Workdays:			
June 28, 2008	1,2200	1,9189	0,011386
June 27, 2008	1,2100	1,8963	0,011209
June 26, 2008	1,2240	1,9060	0,011352
June 25, 2008	1,2280	1,9070	0,011368
June 24, 2008	1,2200	1,9034	0,011354

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Parent Bank before the balance sheet date are TRY 1,2307, TRY 1,9149 and TRY 0,011510; respectively.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	90	3.639	-	4	3.733
Banks	6.934	39.212	121	656	46.923
Financial Assets at Fair Value Through Profit and Loss	12.090	16.261	-	-	28.351
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	62.484	339.992	-	-	402.476
Loans (*)	1.610.098	1.285.731	49.719	-	2.945.548
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	6	6
Intangible Assets	-	-	-	-	-
Other Assets (**)	190.401	86.458	6.201	4	283.064
Total Assets	1.882.097	1.771.293	56.041	670	3.710.101
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	24.371	115.662	-	-	140.033
Funds Provided From Other Financial Institutions	1.975.371	1.579.492	69.069	-	3.623.932
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.678	8.175	-	53	10.906
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	12.662	18.685	23	-	31.370
Total Liabilities	2.015.082	1.722.014	69.092	53	3.806.241
Net Balance Sheet Position	(132.985)	49.279	(13.051)	617	(96.140)
Net Off-Balance Sheet Position	147.433	(118.388)	13.361	226	42.632
Financial Derivative Assets	572.278	920.717	202.300	2.417	1.697.712
Financial Derivative Liabilities	(424.845)	(1.039.105)	(188.939)	(2.191)	(1.655.080)
Non-Cash Loans (****)	93.718	373.795	-	9.955	477.468
Prior Period					
Total Assets	1.536.785	1.530.068	62.102	397	3.129.352
Total Liabilities	1.623.526	1.530.523	75.005	6	3.229.060
Net Balance Sheet Position	(86.741)	(455)	(12.903)	391	(99.708)
Net Off-Balance Sheet Position	91.819	(53.402)	(9.779)	(23)	28.615
Financial Derivative Assets	186.266	1.304.002	51.750	446	1.542.464
Financial Derivative Liabilities	(94.447)	(1.357.404)	(61.529)	(469)	(1.513.849)
Non-Cash Loans (****)	61.405	341.483	-	12.499	415.387

(*) Loans extended include TRY 1.193.286 Thousand foreign currency indexed loans.

(**) TRY 2.003 Thousand prepaid expenses have not been included to other assets.

(***) TRY (31.921) Thousand marketable securities value increase fund have not been presented in others liabilities.

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

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SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

V. Explanations Related to Consolidated Interest Rate Risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the 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 is very low considering the total liabilities of the Parent Bank. As the Parent Bank is a development and investment bank, it obtains most of the funding from abroad.

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

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing *	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	-	-	-	-	-	4.157	4.157
Banks	33.574	2.090	8.004	-	-	50.470	94.138
Financial Assets at Fair Value Through Profit and Loss	18.398	10.541	43.809	3.974	1.360	10.551	88.633
Money Market Placements	14.660	-	-	-	-	-	14.660
Available-For-Sale Financial Assets	159.357	434.810	133.514	548.790	253.076	25.968	1.555.515
Loans	879.729	1.167.230	737.597	171.364	30.075	-	2.985.995
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	38.411	125.069	89.870	22.996	1.204	275.020	552.570
Total Assets	1.144.129	1.739.740	1.012.794	747.124	285.715	366.166	5.295.668
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	649.962	82.419	-	-	-	-	732.381
Sundry Creditors	-	-	-	-	-	55.217	55.217
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1.092.382	1.465.810	966.218	124.850	36.904	-	3.686.164
Other Liabilities	8.830	4.495	25.120	7.439	1.360	774.662	821.906
Total Liabilities	1.751.174	1.552.724	991.338	132.289	38.264	829.879	5.295.668
Balance Sheet Long Position	-	187.016	21.456	614.835	247.451	-	1.070.758
Balance Sheet Short Position	(607.045)	-	-	-	-	(463.713)	(1.070.758)
Off-Balance Sheet Long Position	2.624	220	-	-	3.940	-	6.784
Off-Balance Sheet Short Position	-	-	(464.135)	(118)	-	-	(464.253)
Total Position	(604.421)	187.236	(442.679)	614.717	251.391	(463.713)	(457.469)

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

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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, Checks Purchased) and Balances with the Central Bank of Turkey	-	1.00	-	-
Banks	4.20	3.00	-	19.26
Financial assets at fair value through profit and loss	-	5.41	-	16.51
Money Market Placements	-	-	-	18.66
Available-For-Sale Financial Assets	5.12	6.13	-	17.49
Loans	7.23	6.14	4.87	19.95
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	4.70	2.34	-	19.42
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.04	4.26	1.96	16.00

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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):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non- interest bearing(*)	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	4.223	4.223
Banks	11.030	21.359	-	-	-	18.502	50.891
Financial Assets at Fair Value Through Profit and Loss	10.879	19.145	28.881	61.191	-	16.377	136.473
Money Market Placements	11.858	-	-	-	-	-	11.858
Available-For-Sale Financial Assets	249.034	394.782	168.728	690.657	143.008	26.340	1.672.549
Loans	816.138	933.217	639.626	130.162	4.911	-	2.524.054
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	34.590	117.568	87.164	22.688	-	291.430	553.440
Total Assets	1.133.529	1.486.071	924.399	904.698	147.919	356.872	4.953.488
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	830.458	-	17.039	-	-	-	847.497
Sundry Creditors	23.738	-	-	-	-	42.190	65.928
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	840.495	1.139.047	964.849	207.340	34.139	-	3.185.870
Other Liabilities	5.722	9.611	14.481	17.718	-	806.661	854.193
Total Liabilities	1.700.413	1.148.658	996.369	225.058	34.139	848.851	4.953.488
Balance Sheet Long Position	-	337.413	-	679.640	113.780	-	1.130.833
Balance Sheet Short Position	(566.884)	-	(71.970)	-	-	(491.979)	(1.130.833)
Off-Balance Sheet Long Position	811	4.063	-	-	-	-	4.874
Off-Balance Sheet Short Position	-	-	(25.776)	(421.193)	-	-	(446.969)
Total Position	(566.073)	341.476	(97.746)	258.447	113.780	(491.979)	(442.095)

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

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SECTION FOUR (Cont'd)

INFORMATION ON 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: %

Prior Period	EURO	USD	Yen	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	4.10	-	-	17.68
Financial assets at fair value through profit and loss	-	6.96	-	15.38
Money Market Placements	-	-	-	18.25
Available-For-Sale Financial Assets	5.13	7.43	-	17.65
Loans	7.08	7.61	4.86	17.44
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	3.55	3.89	-	17.00
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.82	5.85	1.96	11.51

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SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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 are targeted in the context of asset-liability management.

Although the Parent Bank started to perform tests to calculate liquidity risk with internal models, the risk is still followed up basically by 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 illiquid 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 affects the profitability and is checked by the Parent Bank Management with regular reports.

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

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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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	4.157	-	-	-	-	-	-	4.157
Banks	50.592	33.452	2.090	8.004	-	-	-	94.138
Financial Assets at Fair Value Through Profit and Loss	6.813	16.004	6.864	36.567	13.597	5.050	3.738	88.633
Money Market Placements	-	14.660	-	-	-	-	-	14.660
Financial Assets Available-For-Sale	2.748	120.996	256	37.871	847.004	523.420	23.220	1.555.515
Loans	7.195	109.734	93.559	427.488	1.896.461	451.558	-	2.985.995
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	5.651	38.502	23.198	55.531	150.925	9.394	269.369	552.570
Total Assets	77.156	333.348	125.967	565.461	2.907.987	989.422	296.327	5.295.668
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	195.554	62.306	687.223	1.172.864	1.568.217	-	3.686.164
Money Market Borrowings	-	649.962	82.419	-	-	-	-	732.381
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	15.663	19.098	-	-	-	-	20.456	55.217
Other Liabilities	7	8.830	4.495	25.644	6.915	1.360	774.655	821.906
Total Liabilities	15.670	873.444	149.220	712.867	1.179.779	1.569.577	795.111	5.295.668
Liquidity Gap	61.486	(540.096)	(23.253)	(147.406)	1.728.208	(580.155)	(498.784)	-
Prior Period								
Total Assets	69.205	82.235	174.447	807.266	2.747.258	785.441	287.636	4.953.488
Total Liabilities	10.856	925.743	87.450	666.088	1.079.826	1.356.771	826.754	4.953.488
Liquidity Gap	58.349	(843.508)	86.997	141.178	1.667.432	(571.330)	(539.118)	-

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Consolidated Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	169	143	210	878
Balances with the Central Bank of Turkey	255	3.590	98	3.037
Other	-	-	-	-
Total	424	3.733	308	3.915

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits	255	3.590	98	3.037
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Total	255	3.590	98	3.037

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 11.200 Thousand at the balance sheet date (December 31, 2007: TRY 11.238 Thousand).

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

The Group's trading securities subject to repurchase agreements amounted to TRY 2.661 Thousand at the balance sheet date (December 31, 2007: TRY 10.271 Thousand).

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

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

As of the balance sheet date, the Group has no financial assets designated at fair value through profit and loss given as collateral or blocked (December 31, 2007: None).

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

As of the balance sheet date, the Group has no financial assets designated as at fair value through profit and loss subject to repurchase agreements (December 31, 2007: None).

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SECTION FIVE (Cont'd)

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

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

2.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	1.127	-	1.700	-
Swap Transactions	12.128	4.775	4.807	1.153
Futures Transactions	-	-	-	-
Options	-	20.601	10.898	12.908
Other	-	38	-	-
Total	13.255	25.414	17.405	14.061

3. Information on banks:

Banks	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	47.215	8.652	38.765	1.557
Foreign	-	38.271	-	10.569
Branches and head office abroad	-	-	-	-
Total	47.215	46.923	38.765	12.126

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	636.268	143.744	880.683	71.072
Treasury bills	8	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	636.276	143.744	880.683	71.072

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SECTION FIVE (Cont'd)

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

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

4. Information on financial assets available-for-sale (Cont'd)

4.a.2 Information on financial assets available-for-sale given as collateral or blocked:

All financial assets available for sale given as collateral comprise of financial assets issued by the Turkish Treasury. The carrying value of those assets is TRY 332.402 Thousand (December 31, 2007: TRY 272.455 Thousand).

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	178.269	154.133	162.054	110.401
Other	-	-	-	-
Total	178.269	154.133	162.054	110.401

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

Available for sale financial assets comprise, 75,97% government bonds, 18,20% Eurobonds and 5,83% shares and other securities.

Financial and non-financial investments, to which the Bank has invested between 0,15% to 5% are classified in available-for-sale financial assets.

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

	Current Period	Prior Period
Debt securities	1.580.652	1.650.710
Quoted on a stock exchange	1.224.105	1.418.166
Not quoted	356.547	232.544
Share certificates	32.815	31.611
Quoted on a stock exchange	4.592	3.388
Not quoted	28.223	28.223
Impairment provision(-)	(60.700)	(12.778)
Other	2.748	3.006
Total	1.555.515	1.672.549

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 20.534 Thousand which is recorded at cost since its fair value cannot be reliably estimated.

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	73.017	24.347	74.512	24.347
Corporate shareholders	73.017	24.347	74.512	24.347
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	153	-	174	-
Total	73.170	24.347	74.686	24.347

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	2.985.947	-	-	-
Discount notes	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Investment loans	1.645.590	-	-	-
Loans given to financial sector	813.847	-	-	-
Foreign loans	5.642	-	-	-
Consumer loans	153	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	520.715	-	-	-
Specialized loans	48	-	-	-
Other receivables	-	-	-	-
Total	2.985.995	-	-	-

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	107	46	153
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	107	46	153
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	-	-	-
Overdraft Accounts-TRY (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	107	46	153

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

The Parent Bank has not granted any commercial loans with installments and corporate credit cards as of the balance sheet date (December 31, 2007: None).

5.e Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	2.980.353	2.515.771
Foreign Loans	5.642	8.283
Total	2.985.995	2.524.054

5.f Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	30.875	21.113
Indirect loans granted to subsidiaries and associates	-	-
Total	30.875	21.113

5.g Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	171	560
Loans and receivables with doubtful collectability	-	-
Uncollectible loans and receivables	15.217	18.860
Total	15.388	19.420

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

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	2.460
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	2.460
Prior Period			
(Gross amounts before provisions)	-	-	9.699
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	9.699

5.h.2 Movement of Non-performing Loans:

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Prior Period End Balance	560	-	18.860
Additions (+)	171	-	99
Transfers from Other Categories of Non-performing Loans (+)	-	-	537
Transfers to Other Categories of Non-performing Loans (-)	(537)	-	-
Collections (-)	(23)	-	(4.279)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period Ending Balance	171	-	15.217
Specific Provisions (-)	(171)	-	(15.217)
Net Balance on Balance Sheet	-	-	-

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	-	-	2.308
Specific Provision (-)	-	-	(2.308)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	560	-	2.673
Specific Provision (-)	(560)	-	(2.673)
Net Balance on Balance Sheet	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	171	-	15.217
Specific Provision Amount (-)	(171)	-	(15.217)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	560	-	18.860
Specific Provision Amount (-)	(560)	-	(18.860)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

5.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.

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SECTION FIVE (Cont'd)

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

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

6. Information on held-to-maturity investments:

The Group has no held-to-maturity investments as at the balance sheet date (December 31, 2007: None).

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

The Group has no investment securities held-to-maturity as at the balance sheet date (December 31, 2007: None).

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

The Group has no investment securities held-to-maturity as at the balance sheet date (December 31, 2007: 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 (December 31, 2007: 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 (December 31, 2007: None).

7. Information on Investments in Associates (Net)

7.a.1 Information on unconsolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	GÖZLÜK SANAYİ A.Ş. (Gözlük)	İzmir/Turkey	21.71	21.71
2	SENAPA-STAMPA AMBALAJ SANAYİ VE TİCARET A.Ş. (Senapa)	Kocaeli/Turkey	6.95	6.95
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"

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SECTION FIVE (Cont'd)

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

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

7. Information on Investments in Associates (Net)

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
Gözlük (1)	3.908	3.397	3.252	1	-	(116)	(371)	-
Senapa (2)	32.590	7.084	22.563	35	-	(260)	(453)	-
Terme (3)	11.044	1.550	1.015	-	-	498	441	-
Ünsa (4)	72.882	21.579	22.518	17	-	(2.955)	(1.601)	-

(1) Represent un-reviewed 31.03.08 financial statements. Prior year loss is obtained from 31.12.07 financial statements.

(2) Represent un-reviewed 30.06.08 financial statements. Prior year loss is obtained from 31.12.07 financial statements.

(3) Represent un-reviewed 31.03.08 financial statements. Prior year loss is obtained from 31.12.07 financial statements.

(4) Represent un-reviewed 31.03.08 financial statements. Prior year loss is obtained from 31.12.07 financial statements.

7.a.2 Information on the consolidated associates :

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İŞ FACTORİNG FİNANSMAN HİZMETLERİ A.Ş. (İş Factoring)	Istanbul/Turkey	21.75	100.00
2	İŞ FİNANSAL KİRALAMA A.Ş. (İş Finansal)	Istanbul/Turkey	28.56	58.54
3	İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (İş Girişim)	Istanbul/Turkey	16.67	48.75

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value
İş Factoring (1)	117.450	27.308	90	808	4	17.905	1.174	-
İş Finansal (2)	1.160.109	262.718	1.170	6.934	4	50.636	46.716	31.173
İş Girişim (3)	105.464	104.087	1.551	767	225	(1.454)	2.626	7.763

(1) Represent reviewed 30.06.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements.

(2) Represent reviewed 30.06.08 consolidated financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is determined at 30.06.08.

(3) Represent reviewed 31.03.08 consolidated financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is determined at 30.06.08.

	Current Period	Prior Period
Balance at the Beginning of the Period	88.654	69.710
Movements During the Period	16.941	18.944
Purchases	-	665
Bonus shares received	12.995	-
Current Year Share of Profit	3.946	18.279
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance at the End of the Period	105.593	88.654
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	12.130	5.783
Leasing Companies	71.976	62.526
Financial Service Companies	-	-
Other Associates	29.767	28.625

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

	Current Period	Prior Period
Associates quoted on domestic stock markets	93.463	82.873
Associates quoted on foreign stock markets	-	-

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

None of the associates sold in the current period.

In the prior period, 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") was realized on November 1, 2007, and sale proceeds were submitted to EIB on November 9, 2007 in accordance with the agreement terms.

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

During the current period, the Parent Bank obtained TRY 12.995 Thousand bonus shares through the capital increase of İş Finansal Kiralama A.Ş., amounting to TRY 45.500 Thousand.

During the prior period, the Parent Bank purchased İş Faktoring Finansman Hizmetleri A.Ş.'s 1.120.000 nominal shares with TRY 515 Thousand, 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.

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SECTION FIVE (Cont'd)

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

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

8. Information Related to Subsidiaries (Net)

8.a.1 Information related to unconsolidated subsidiaries

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş.	İstanbul /Türkiye	80.00	80.00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/ Loss	Fair Value
TSKB GMD (1)	2.807	2.342	1.076	10	-	331	827	-

(1) Represent un-reviewed 30.06.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements.

8.a.2 Information related to consolidated subsidiaries

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Yatırım Ortaklığı A.Ş.	İstanbul /Türkiye	29,75	44,48
2	Yatırım Finansman Menkul Değerler A.Ş.	İstanbul /Türkiye	95,78	98,42
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	96,00	100,00
4	Yatırım Finansman Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	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
TSKB Y.O. (1)	18.577	18.537	-	-	-	(2.712)	2.111	2.517
YF MEN.DEĞ. (2)	108.720	42.672	1.489	10	668	575	7.753	-
TSKB GYO (3)	127.319	80.720	49.360	74	37	(5)	4.024	-
YF Y.O. (4)	12.121	11.815	-	-	(971)	(2.545)	2.090	517

(1) Represent reviewed 30.06.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is determined at 30.06.08.

(2) Represent reviewed 30.06.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is determined at 30.06.08.

(3) Represent reviewed 30.06.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is determined at 30.06.08.

(4) Represent reviewed 30.06.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is determined at 30.06.08.

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SECTION FIVE (Cont'd)

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

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

8. Information Related to Subsidiaries (Net) (Cont'd)

8.a.2 Information related to consolidated subsidiaries (Cont'd):

	Current Period	Prior Period
Balance at the beginning of the period	143.213	61.302
Movements in period	8.141	81.911
Purchases	-	64.800
Bonus shares obtained	8.141	17.552
Current year shares of profit	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	(441)
Balance at the end of the period	151.354	143.213
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Associates	151.673	143.532

8.a.4 Subsidiaries quoted on stock exchange

As of the balance sheet date, the balance sheet values of the Group's subsidiaries quoted on the stock exchange is TRY 3.034 Thousand (December 31, 2007: TRY 4.644 Thousand).

8.a.5 Subsidiaries sold in the current period

The Parent Bank has not sold any subsidiaries in the current period (December 31, 2007: None).

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

During the current period, the Parent Bank obtained TRY 8.141 Thousand bonus shares through the capital increase of Yatırım Finansman Menkul Değerler A.Ş., amounting to TRY 8.500 Thousand.

During the prior period, the Parent Bank has contributed to the capital increase of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. by cash amounting TRY 62.400 Thousand and increased the nominal share in the related subsidiary to TRY 72.000 Thousand. The Parent Bank's share percentage which was 96% has not changed. Also, the Parent Bank purchased 7% of Yatırım Finansman Menkul Değerler A.Ş.'s shares which were belonging to Türk Ticaret Bankası A.Ş. endorsed to Saving Deposit Insurance Fund ("SDIF") with TRY 816.952 nominal values for TRY 2.400 Thousand. The share of the Parent Bank in the related subsidiary have been increased to 95,78 % from 88,78 %. In addition, the Parent Bank obtained TRY 17.552 Thousand bonus shares from the capital increase of Yatırım Finansman Menkul Değerler A.Ş.

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SECTION FIVE (Cont'd)

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

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

9. Information on entities under common control

The Group has no entities under common control as of balance sheet date (December 31, 2007: 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	12.947	12.668	2.864	2.764
Between 1- 4 years	167.437	149.783	160.889	141.928
More than 4 years	83.990	68.676	106.942	86.070
Total	264.374	231.127	270.695	230.762

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

	Current Period	Prior Period
Gross investments in finance leases	264.374	270.695
Unearned revenue from finance leases (-)	(33.247)	(39.933)
Cancelled finance leases (-)	-	-
Net investments in finance leases	231.127	230.762

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 financial statements.

11. Information on Derivative Financial Assets for Hedging Purposes

The Group has no derivative financial assets for hedging purposes as of the balance sheet date (December 31, 2007: None).

12. Information on Investment Property:

In the current period, the Parent Bank has investment properties with a net book value of TRY 4.945 Thousand belonging to the Parent Bank's subsidiary operating in the real-estate investment trust sector. The fair value of the investment property is determined as TRY 4.945 Thousand based on an independent appraisal report issued on December 26, 2007 by a CMB registered real-estate appraiser company.

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SECTION FIVE (Cont'd)

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

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

13. Information on Deferred Tax Assets

13.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	928	717
Financial lease adjustments	1.122	652
Derivative instruments accrualss	(978)	876
Employee benefit provision	827	732
Loan commissions accrual adjustment	2.086	1.424
Other provisions	2.850	1.849
Other	230	-
Total	7.065	6.250

In addition, TRY 7.627 Thousand of deferred tax liability, which is calculated over the fair value differences on available for sale securities value increase fund, is offset against the "available for sale securities value increase fund" item under equity.

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

The 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.

13.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.

14. Information on Assets Held for Sale

As of the balance sheet date, the Group has TRY 10.510 Thousand assets held for sale (December 31, 2007: TRY 10.510 Thousand).

15. Information about Other Assets

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

Other assets are not exceeding 10% of total assets, excluding off-balance sheet commitments (December 31, 2007: None).

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SECTION FIVE (Cont'd)

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

II. Explanations Related to the Consolidated Liabilities

1. Information of Maturity Structure of Deposits

1.a.1 Maturity structure of deposits

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits

2. Information on Derivative Financial Liabilities Held-For-Trading

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

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	249	-	610	-
Swap Transactions	14.519	4.459	20.272	500
Futures Transactions	-	-	-	-
Options	-	23.168	10.898	12.790
Other	-	101	-	142
Total	14.768	27.728	31.780	13.432

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	58.029	26.584	54.031	15.268
From Foreign Banks, Institutions and Funds	4.155	3.538.694	4.155	3.052.720
Total	62.184	3.565.278	58.186	3.067.988

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	58.029	564.745	54.031	523.640
Medium and long-term	4.155	3.000.533	4.155	2.544.348
Total	62.184	3.565.278	58.186	3.067.988

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

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

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 (December 31, 2007: None).

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 affiliate; İş Finansal Kiralama A.Ş. and Vakıf Finansal Kiralama A.Ş. The lease agreements are paid in equal installments. There are no issues in these transactions bringing 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.

5.c Explanations on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	627	596	485	456
Between 1- 4 years	5	3	36	24
More than 4 years	-	-	-	-
Total	632	599	521	480

5.d Explanations regarding operational leases

As of the balance sheet date, the Group's 4 head offices and 13 branches are subject to operational leasing. Additionally, 30 cars are within the context of operational leasing. The Group has no obligations for operational leases as of the balance sheet date (December 31, 2007: 4 head offices, 13 branches and 29 cars are subject to operational leasing).

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

The Group has no sale and lease back transactions as of the balance sheet date (December 31, 2007: None).

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

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

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

6. Information on Derivative Financial Liabilities for Hedging Purposes:

The Group has no derivative financial liabilities for hedging purposes as of balance sheet date (December 31, 2007: None).

7. Information on Provisions:

7.a Information on general loan loss provisions:

	Current Period	Prior Period
General Loan Loss Provisions	22.927	18.814
Provisions for First Group Loans and Receivables	19.640	15.526
Provisions for Second Group Loans and Receivables	-	2
Provisions for non-Cash Loans	837	660
Other	2.450	2.626

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

The foreign exchange losses on the foreign currency indexed loans amount to TRY 50.076 Thousand (December 31, 2007: TRY 80.444 Thousand). The foreign exchange losses on the foreign currency indexed loans are netted off from the loans in the financial statements.

7.c Information related to other provisions:

7.c.1 Provision for possible losses:

	Current Period	Prior Period
Provisions for Possible Losses	11.808	6.808

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	11.808	6.808
Provision for Dividend Received from Subsidiaries	2.424	2.424

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 Million (TRY 61.125 Thousand). The interest expense accrual of this borrowing is TRY (2.471) Thousand as of the balance sheet date.

The first agreement date of the loan was September 21, 2004. The first usage date was November 5, 2004. The interest rate is variable; at the balance sheet date it is (2,712+2,5 spread) 5,212%. There is no principle repayment during the first 5 years and the maturity is October 15, 2016.

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SECTION FIVE (Cont'd)

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

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

9. Information on Taxes Payable:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	6.576	-	34.177	-
Deferred tax liability	-	-	-	-
Total	6.576	-	34.177	-

9.a Information on deferred taxes liabilities:

At the balance sheet date, the Group has no deferred tax liability (December 31, 2007: None).

9.a.1 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	6.576	34.177
Taxation of marketable securities	1.185	2.517
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	296	213
Foreign Exchange Transaction Tax	-	54
Value Added Tax Payable	178	54
Other	991	1.490
Total	9.226	38.505

9.a.2 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	2	42
Social Security Premiums-Employer	3	59
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	11	14
Unemployment insurance-Employer	21	27
Other	2	15
Total	39	157

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SECTION FIVE (Cont'd)

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

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

10. Information on Shareholders' Equity

10.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	500.000	400.000
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	500.000	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 March 15, 2007 and by Turkish Ministry of Industry and Trade as of March 20, 2007 and registered by Turkish Ministry of Industry and Trade on March 28, 2007.

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

In the current period, the Parent Bank's share capital has increased by TRY 100.000 Thousand. TRY 84.000 Thousand of this increase, in respect of the resolution of the General Assembly, is transferred from the profit of the year 2007 and TRY 16.000 Thousand from share the capital inflation restatement adjustment. The increase in paid capital is approved by the BRSA on April 11, 2008 and by the resolution of the Capital Markets Board numbered 15/582 on May 23, 2008. The registration has been completed by T.C. İstanbul Ticaret Sicili Memurluğu on May 30, 2008 and this increase has been recorded to the capital account.

During the prior period, as per February 16, 2007 dated Board of Directors resolution, under the registered share capital, the Bank has increased its 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 the capital inflation restatement adjustment. TRY 100.000 Thousand nominal shares issued for the capital increase was registered with the Capital Markets Board on May 7, 2007 according to the provisions of the Capital Markets Law No 2499. The capital increase was approved by BRSA on April 19, 2007 and published in the Turkish Trade Registry Gazette on July 5, 2007.

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

In the current period, the amount transferred to capital from share capital inflation restatement adjustment which was followed under other capital reserves, is TRY 16.000 Thousand.

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SECTION FIVE (Cont'd)

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

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

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

10.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.

10.f Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Parent 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 Controlling Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under several different scenario analysis. The Parent Bank operations are profitable, and the Parent Bank keeps the major part of its profit by capital increases or capital reserves within the shareholders equity.

10.g Information on preferred shares

The Bank has no preferred shares.

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	980	-	3.410	-
Valuation Differences	(31.776)	(31.921)	8.661	(143)
Foreign Exchange Difference	-	-	-	-
Total	(30.796)	(31.921)	12.071	(143)

11. Information on Minority Shares

	Current Period	Prior Period
Paid-in-capital	23.548	23.190
Share premium	4	4
Securities value increase fund	-	-
Legal reserves	717	564
Extraordinary reserves	4.321	2.051
Other profit reserves	-	-
Retained earnings / Accumulated losses	40	15
Net profit or loss	(3.606)	3.359
Total	25.024	29.183

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SECTION FIVE (Cont'd)

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

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

1. Information on Off-Balance Sheet Liabilities

1.a Nature and amount of irrevocable loan commitments:

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

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

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

As of the balance sheet date, total letter of credits is TRY 203.225 Thousand (December 31, 2007: TRY 176.439 Thousand).

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

As of the balance sheet date, total letters of guarantee is TRY 274.960 Thousand (December 31, 2007: TRY 217.054 Thousand).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	99.210	91.161
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	99.210	91.161
Other non-cash loans	478.185	393.570
Total	577.395	484.731

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SECTION FIVE (Cont'd)

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

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

1. Information on off-balance sheet liabilities (Cont'd)

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	-	-	2.302	-	-	-	-	-
Farming and State	-	-	2.302	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	49.916	50	232.143	49	30.810	45	184.354	44
Mining	-	-	-	-	-	-	-	-
Manufacturing Industry	7.962	8	174.098	37	7.962	12	159.442	38
Electric, gas and water	41.954	42	58.045	12	22.848	33	24.912	6
Construction	20.775	21	12.536	3	9.123	13	309	-
Services	29.228	29	230.487	48	29.403	42	230.724	56
Wholesale and retail trade	-	-	127.247	26	-	-	132.684	32
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and telecommunication	2	-	92.514	19	2	-	88.085	21
Financial institutions	25.226	25	7.336	2	25.233	36	6.984	2
Real estate and renting services	-	-	3.390	1	168	-	2.971	1
Self-employment services	4.000	4	-	-	4.000	6	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	8	-	-	-	8	-	-	-
Total	99.927	100	477.468	100	69.344	100	415.387	100

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

	I st Group		II nd Group	
	TRY	FC	TRY	FC
Non-cash loans	99.927	477.468	-	-
Letters of guarantee	99.919	175.041	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	203.225	-	-
Endorsements	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-
Factoring Guarantees	-	-	-	-
Other commitments and contingencies	8	99.202	-	-

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)

2. Explanations on contingent liabilities and assets

There are 5 legal cases against the Group which are amounting to TRY 11 Thousand as of the balance date.

The Parent Bank's subsidiary, İş Factoring Finansman Hizmetleri A.Ş., had a tax inspection and tax penalty notifications were sent to İş Factoring Finansman Hizmetleri A.Ş. within the context of the article 16 of the Corporate Tax Law. İş Factoring A.Ş. has brought a lawsuit against the relevant authorities concerning the cancellation of the given tax penalty notifications and on condition of keeping a right to bring a lawsuit in 2005 and paid to TRY 4.265 thousand to the tax office regarding the amounts claimed for the notifications. Subsequently, İş Factoring Finansman Hizmetleri A.Ş. has lost the pending lawsuits against the tax authorities with a right to appeal to the State Council for the suspension of the execution of the decisions. Furthermore, İş Factoring applied to the Ministry of Finance on the condition of saving all its legal rights, to postpone its liability and to structure a repayment plan and subsequently, started to pay based on the notified repayment schedule.

Subsequent to the overrule of Fourth Instance of the Council of the State the decision made by the 3rd Tax Court in İstanbul on April 10, 2007 and all tax payments of İş Factoring that are made through an installment plan are suspended. Subsequent to the State of Council's decision in favor of İş Factoring, law suits have been accepted by the 1st Tax Court in İstanbul and based on the resolution of this Court, the restitution of letter of guarantees and amounts collected by Tax Offices has been decided and İş Factoring has requested restitution of payment amounts from Beyoğlu and Beşiktaş Tax Offices. The restitution of payments has been realized in June 2008 by Tax Offices. As those lawsuits were resulted in favor of İş Factoring, İş Factoring management reversed the provision amount which was allocated in prior years as a result of the restitution by Tax Offices and recognized the related amount as an income in the current period.

3. Custodian and intermediary services:

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

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SECTION FIVE (Cont'd)

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

IV. Explanations Related to the Consolidated Statement of Income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans				
Short term loans	2.062	1.178	1.231	927
Medium and long term loans	35.948	50.559	28.046	54.139
Interest on non-performing loans	1.327	231	836	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	39.337	51.968	30.113	55.066

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	2.509	1.206	694	2.548
Foreign banks	3	381	309	3.623
Branches and head office abroad	-	-	-	-
Total	2.512	1.587	1.003	6.171

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	740	485

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	2.542	21.301	1.185	14.990
The Central Bank of Turkey	48	-	3	-
Domestic banks	1.692	1.786	1.178	2.699
Foreign banks	802	19.515	4	12.291
Branches and head office abroad	-	-	-	-
Other financial institutions	-	41.953	-	56.331
Total	2.542	63.254	1.185	71.321

2.b Information on interest expenses to associates and subsidiaries:

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

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SECTION FIVE (Cont'd)

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

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

3. Information on net trading income (Net)

	Current Period	Prior Period
Profit	410.712	143.804
Gains on capital market operations	129.536	63.201
On derivative financial instruments	125.224	49.798
Other	4.312	13.403
Foreign exchange gains	281.176	80.603
Loss (-)	(424.290)	(135.993)
Losses on capital market operations	(128.150)	(43.188)
On derivative financial instruments	(116.098)	(38.206)
Other	(12.052)	(4.982)
Foreign exchange losses	(296.140)	(92.805)

4. Information Related with Other Operating Income

	Current Period	Prior Period
Provisions Released	4.471	1.372
Gains on Sale of Assets	1.890	121
From Associate and Subsidiary Sales	-	49
From Immovable Fixed Asset Sales	1.890	-
From Properties Sales	-	33
From Other Asset Sales	-	39
Other	2.761	863
Total	9.122	2.356

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	270	144
III. Group	171	-
IV. Group	-	-
V. Group	99	144
General provision expenses	4.113	2.435
Provision expenses for possible losses	5.000	-
Foreign exchange differences on foreign currency losses	-	-
Marketable securities impairment expenses	2.539	257
Trading securities	-	-
Investment securities available for sale	2.539	257
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investment securities held to maturity	-	-
Impairment on assets held for sale	-	-
Other	-	-
Total	11.922	2.836

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

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

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

6. Information Related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	20.405	16.987
Reserve for employee termination benefits	215	356
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	777	1.178
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	106	75
Impairment on subsidiaries accounted for under equity method	-	-
Depreciation expenses of assets held for resale	343	452
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	9.695	7.329
Rent expenses	1.064	689
Maintenance expenses	513	222
Advertisement expenses	439	544
Other expenses	7.679	5.874
Loss on sales of assets	3	-
Other	5.176	3.865
Total	36.720	30.242

7. Information on Tax Provision for Continued and Discontinued Operations:

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

The current tax charge for the period is TRY 6.741 Thousand (June 30, 2007: TRY 18.051 Thousand). Deferred tax charge is TRY 8.917 Thousand (June 30, 2007: TRY 5.920 Thousand deferred tax benefit).

SECTION FIVE (Cont'd)

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

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

7. Information on Tax Provision for Continued and Discontinued Operations (Cont'd):

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

Deferred tax charge calculated on temporary differences is TRY 8.917 Thousand (June 30, 2007: TRY 5.920 Thousand deferred tax benefit).

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

As of June 30, 2008 deferred tax charge calculated based on temporary differences is TRY 8.917 Thousand (June 30, 2007: TRY 5.920 Thousand deferred tax benefit). There is no deferred tax benefit or charge reflected to the income statement on carry forward tax losses, tax deductions and exceptions (June 30, 2007: None).

8. Information on net profit/loss from continued and discontinued operations:

The net profit of the Group increased for the period ended June 30, 2008 by 24.85% compared to the prior period.

9. Information on Net Profit/Loss

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

The Group has generated TRY 221.073 Thousand interest income, TRY 116.432 Thousand interest expenses and TRY 8.395 Thousand net fee and commission income from banking operations.

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

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

9.c Minority share of profit and loss

Current year profit attributable to minority shares is TRY 3.606 Thousand loss, total shareholders equity, including current year loss attributable to minority shares is TRY 25.024 Thousand.

10. If the Other Items in the Income Statement Exceed 10% of the Income Statement Total, Accounts amounting to at least 20% of These Items are Shown Below:

None other than those explained in note IV.4 and IV.6.

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SECTION FIVE (Cont'd)

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

V. Explanations on the Risk Group of the Parent Bank

1. Information on the Volume of Transactions Related to the Parent 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 Parent Bank (*)	Subsidiaries and associates		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of period	16.560	168	-	24.347	65.319	225
Balance at end of period	26.409	168	-	24.347	66.398	225
Interest and commission income	548	-	-	12	1.319	-

(*)Defined in the Paragraph 2 of the Article 20 of the "Regulation on the Establishment and Operations of Banks".

1.b Prior Period:

Risk Group of the Parent Bank (*)	Subsidiaries and associates		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	9.964	168	-	24.347	81.199	225
Balance at end of period	16.560	168	-	24.347	65.319	225
Interest and commission income received(**)	348	-	-	12	2.189	-

(*)Defined in the Paragraph 2 of the Article 20 of the "Regulation on the Establishment and Operations of Banks".

(**) The data belongs to June 30. 2007.

1.c Information on deposit held by 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 others similar agreements with Parent Bank's own risk group.

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SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

I. 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	Stable
Short-term Maturity	B
Turkish Lira	
Long-term Maturity	BB+
Outlook	Stable
Short-term Maturity	B
National	
Long-term Maturity	AA+(tur)
Outlook	Stable
Individual	C/D
Support	3

Information above is received from Fitch Ratings report dated February 4, 2008.

MOODY'S

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

Information above is received from Moody's Investors Service report as of January 3, 2008.

2. Significant Events and Matters Arising Subsequent to Balance Sheet Date

There is no significant event and matter arising subsequent to balance sheet.

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SECTION SEVEN

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

I. Explanations on the Independent Auditors' Limited Review Report

Consolidated financial statements and notes to the financials statements as at June 30, 2008 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Member of Deloitte Touche Tohmatsu").

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

II. Explanations and Notes Prepared by Independent Auditor

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

