

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**INDEPENDENT AUDITORS'
LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
MARCH 31, 2008**

*Translated into English from the
Original Turkish Report*

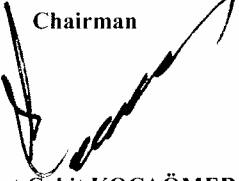
**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. FOR THE PERIOD ENDED 31 MARCH 2008**

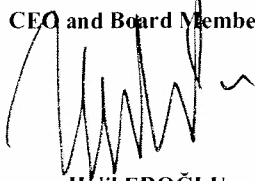
E-Mail Address for Contact Person: nazlica@tskb.com.tr

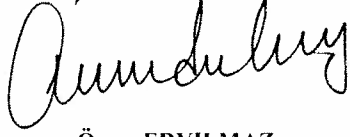
The interim unconsolidated financial report includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

The accompanying interim unconsolidated 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

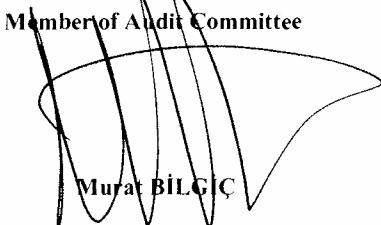
CEO and Board Member

Halil EROĞLU

**Executive Vice President
Responsible for Financial Control**

Ömer ERYILMAZ

**Head of Financial
Control Department**

Mustafa GÖKTAŞ

Member of Audit Committee

Kemal Serdar DİŞLİ

Member of Audit Committee

Murat BİLGİÇ

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

Name-Surname / Title : Ayşe Nazlıca / Head of Budgeting and Planning Department
Telephone Number : 0212 334 51 94

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

Tel : (212) 366 60 00
Fax : (212) 366 60 10
www.deloitte.com.tr

TÜRKİYE SINAI KALKINMA BANKASI A.Ş.

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT FOR THE PERIOD JANUARY 1, 2008 – MARCH 31, 2008

We have reviewed the accompanying balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. ("The Bank") as at March 31, 2008 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These 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 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.

The Bank recorded its share of the bonus shares amounting to TRY 8.141 in April 2008, received from one of its subsidiaries distributing bonus shares through capital increase by incorporating its profit reserves as of March 31, 2008.


Based on our review, except for the effects of the matter detailed as above, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of Türkiye Sınai Kalkınma Bankası A.Ş. for the period ended March 31, 2008 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations 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 Banks's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

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

Member of DELOITTE TOUCHE TOHMATSU



Hasan Kılıç
Partner

İstanbul, May 12, 2008

Member of
Deloitte Touche Tohmatsu

INDEX**Page Number****SECTION ONE****General Information**

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

SECTION TWO**Unconsolidated Financial Statements**

I. Balance Sheets	4
II. Statement of Off Balance Sheet Contingencies and Commitments	6
III. Income Statement	7
IV. Statement of Profit/Loss Items Accounted for under Shareholders' Equity	8
V. Statement of Changes in Shareholders' Equity	9
VI. Statement of Cash Flows	10

SECTION THREE**Accounting Policies**

I. Basis of Presentation	11
II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	12
III. Explanations on Forward and Option Contracts and Derivative Instruments	13
IV. Interest Income and Expenses	13
V. Fees and Commission Income and Expenses	13
VI. Explanations and Disclosures on Financial Assets	14
VII. Explanations on Impairment on Financial Assets	16
VIII. Offsetting of Financial Assets and Liabilities	17
IX. Explanations on Sales and Repurchase Agreements and Lending of Securities	17
X. Explanations on Assets Held For Sale and Discontinued Operations	17
XI. Explanations on Goodwill and Other Intangible Assets	18
XII. Explanations on Tangible Fixed Assets	18
XIII. Explanations on Leasing Transactions	19
XIV. Explanations on Provisions and Contingent Liabilities	19
XV. Explanations on Liabilities Regarding Employee Benefits	19
XVI. Explanations on Taxation	20
XVII. Additional Explanations on Borrowings	21
XVIII. Explanations on Share Certificates	21
XIX. Explanations on Acceptances	21
XX. Explanations on Government Incentives	21
XXI. Explanations on Segment Reporting	22
XXII. Explanations on Other Matters	22

SECTION FOUR**Information on Financial Structure**

I. Explanations Related to the Capital Adequacy Standard Ratio	23
II. Explanations Related to Market Risk	26
III. Explanations Related to Operational Risk	27
IV. Explanations Related to Currency Risk	27
V. Explanations Related to Interest Rate Risk	29
VI. Explanations Related to Liquidity Risk	34

SECTION FIVE**Explanations and Disclosures on Unconsolidated Financial Statements**

I. Explanations Related to the Assets	36
II. Explanations Related to the Liabilities	53
III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments	59
IV. Explanations Related to the Statement of Income	62
V. Explanations on the Risk Group of the Bank	66

SECTION SIX**Other Explanations**

I. Other Explanations Related to the Operations of the Bank	67
---	----

SECTION SEVEN**Independent Auditors' Limited Review Report**

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

SECTION ONE

GENERAL INFORMATION

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

The Bank was established in accordance with the decision of President of the Republic of Turkey numbered 3/11203 on 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 Bank is "Development and Investment Bank". The Bank does not have the license of "Accepting Deposit". Since the establishment date of the Bank, there is no change in its "Development and Investment Bank" status.

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

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

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 Executive Vice Presidents and Their Shares in the 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
	Ali Onur Özbilen(****)	Postgraduate	30 years
	Burhanettin Kantar(*****)	Undergraduate	16 years
	Kemal Serdar Dışli(*****)	Undergraduate	19 years
	Murat Bilgiç	Postgraduate	15 years
	Cem Demirağ	Undergraduate	15 years
	Memduh Aslan Akçay	Postgraduate	17 years
Member of the Board of Directors and CEO	Halil Eroğlu	Undergraduate	24 years
Executive Vice Presidents	Şemseddin Arat	Postgraduate	23 years
	A.Orhan Beşkök	Postgraduate	19 years
	Şeniz Yarcın	Undergraduate	16 years
	Burak Akgüç	Undergraduate	14 years
	Ömer Eryılmaz	Undergraduate	20 years
	Çiğdem İçel	Undergraduate	17 years
	Ufuk Bala Yücel(**)	Undergraduate	20 years
Legal Auditors	Zeynep Hansu Uçar	Undergraduate	13 years
	Mete Uluyurt (***)	Postgraduate	12 years

Changes

<u>Title</u>	<u>Left during the period</u>	<u>Appointed during the period</u>
Legal Auditors	Aziz Ferit Eraslan	Mete Uluyurt

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

(**) In the meeting of Board of the Directors on December 25, 2007; Ufuk Bala Yücel was appointed as the Executive Vice President responsible for the Bank's lending operations, according to the article 5411 of the Banking Law. Istanbul Stock Exchange special announcement for this was made on January 22, 2008

(***) In the meeting of General Assembly on March 25, 2008; Mete Uluyurt was 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 March 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 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 Bank's capital directly or indirectly.

Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	200.391	50,10	200.391	-
T. Vakıflar Bankası T.A.O	33.510	8,38	33.510	-
Under Custody at Merkezi Kayıt Kuruluşu (National Custody Institution)	130.954	32,73	130.954	-
Other	35.145	8,79	35.145	-
Total	400.000	100,00	400.000	-

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

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") is the first private investment and development bank which was established by the Council of Ministers' resolution number of 3/11203 established in 1950 with the support of World Bank, T.R. Government, T.R. Central Bank and commercial banks. As per the articles of association published in the Official Gazette on 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 aim of developing private sector by financing, consulting, giving technical support and financial intermediary services.

The Bank, which operates as a non-deposit accepting bank, played a major role on manufacturing and finance sectors in every phase of the economic development of Turkey. The Bank has supported the development of the private sector by extending medium-term loans to more than 4000 firms. Since 1960's the Bank had continued to finance over 100 firms by investing in these entities as a shareholder. The Bank has also participated in improvement of capital markets by organizing public offerings of some firms.

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

TSKB Bahrain Branch, is the only branch of TSKB in abroad, started its operations on 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.
Unconsolidated Balance Sheets as of March 31, 2008 and December 31, 2007
(In Thousand of New Turkish Lira)

ASSETS	Note Ref	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		March 31, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	438	3.794	4.232	216	3.151	3.367
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	28.008	51.097	79.105	67.569	14.061	81.630
2.1 Trading financial assets		13.410	-	13.410	50.164	-	50.164
2.1.1 Public sector debt securities		12.806	-	12.806	49.639	-	49.639
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Other marketable securities		604	-	604	525	-	525
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		14.598	51.097	65.695	17.405	14.061	31.466
III. BANKS	(3)	15.600	165.394	180.994	16.490	11.954	28.444
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.289.912	424.793	1.714.705	1.345.832	322.121	1.667.953
5.1 Share certificates		16.539	2.957	19.496	15.784	2.957	18.741
5.2 Public sector debt securities		1.270.606	369.730	1.640.336	1.327.045	253.189	1.580.234
5.3 Other marketable securities		2.767	52.106	54.873	3.003	65.975	68.978
VI. LOANS	(5)	1.195.689	1.783.758	2.979.447	983.491	1.570.781	2.554.272
6.1 Loans		1.195.689	1.783.758	2.979.447	983.491	1.570.781	2.554.272
6.1.1 Loans to Risk Group of the Bank		47.198	71.082	118.280	44.160	64.697	108.857
6.1.2 Other		1.148.491	1.712.676	2.861.167	939.331	1.506.084	2.445.415
6.2 Non-performing loans		14.144	3.154	17.298	16.187	3.233	19.420
6.3 Specific provisions (-)		(14.144)	(3.154)	(17.298)	(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)	54.558	-	54.558	99.938	-	99.938
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		54.558	-	54.558	99.938	-	99.938
9.2.1 Financial investments		46.278	-	46.278	91.658	-	91.658
9.2.2 Non-financial investments		8.280	-	8.280	-	-	8.280
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	110.338	-	110.338	110.338	-	110.338
10.1 Unconsolidated financial subsidiaries		110.019	-	110.019	110.019	-	110.019
10.2 Unconsolidated non-financial subsidiaries		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)	2.349	273.483	275.832	2.707	228.055	230.762
12.1 Finance lease receivables		2.732	314.795	317.527	3.203	267.492	270.695
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(383)	(41.312)	(41.695)	(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)		18.655	8	18.663	17.450	7	17.457
XV. INTANGIBLE ASSETS (Net)		349	-	349	323	-	323
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		349	-	349	323	-	323
XVI. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET	(13)	39.849	-	39.849	27.703	-	27.703
17.1 Current tax asset		33.227	-	33.227	21.659	-	21.659
17.2 Deferred tax asset		6.622	-	6.622	6.044	-	6.044
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)	2.736	107.811	110.547	4.094	46.678	50.772
TOTAL ASSETS		2.768.991	2.810.138	5.579.129	2.686.661	2.196.808	4.883.469

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Unconsolidated Balance Sheets as of March 31, 2008 and December 31, 2007

(In Thousand of New Turkish Lira)

LIABILITIES	Note Ref.	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		March 31, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	21.922	50.501	72.423	31.780	13.432	45.212
III. FUNDS BORROWED	(3)	32.175	3.870.016	3.902.191	53.177	3.062.033	3.115.210
IV. MONEY MARKET BALANCES		630.414	119.915	750.329	766.418	67.670	834.088
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		630.414	119.915	750.329	766.418	67.670	834.088
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		61	-	61	72	-	72
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		61	-	61	72	-	72
VII. SUNDRY CREDITORS		13.709	8.712	22.421	14.693	5.960	20.653
VIII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5)	29	919	948	47	295	342
10.1 Finance lease payables		31	972	1.003	51	304	355
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		(2)	(53)	(55)	(4)	(9)	(13)
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)	35.364	-	35.364	31.406	-	31.406
12.1 General loan loss provisions		23.413	-	23.413	19.396	-	19.396
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		2.695	-	2.695	2.754	-	2.754
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		9.256	-	9.256	9.256	-	9.256
XIII. TAX LIABILITY	(9)	42.434	-	42.434	36.258	-	36.258
13.1 Current tax liability		42.434	-	42.434	36.258	-	36.258
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	3.024	3.024	-	2.252	2.252
14.1 Held for sale		-	3.024	3.024	-	2.252	2.252
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(8)	-	62.588	62.588	-	59.624	59.624
XVI. SHAREHOLDERS' EQUITY	(10)	700.284	(12.938)	687.346	738.495	(143)	738.352
16.1 Paid-in capital		400.000	-	400.000	400.000	-	400.000
16.2 Capital reserves		20.147	(12.938)	7.209	55.787	(143)	55.644
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(24.605)	(12.938)	(37.543)	39.413	(143)	39.270
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		16.374	-	16.374	16.374	-	16.374
16.3 Profit reserves		167.515	-	167.515	135.227	-	135.227
16.3.1 Legal reserves		42.581	-	42.581	28.526	-	28.526
16.3.2 Statutory reserves		22.235	-	22.235	14.861	-	14.861
16.3.3 Extraordinary reserves		99.779	-	99.779	88.920	-	88.920
16.3.4 Other profit reserves		2.920	-	2.920	2.920	-	2.920
16.4 Profit or loss		112.622	-	112.622	147.481	-	147.481
16.4.1 Prior years' income/losses		84.000	-	84.000	-	-	-
16.4.2 Current year income/loss		28.622	-	28.622	147.481	-	147.481
16.5 Minority shares	(11)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		1.476.392	4.102.737	5.579.129	1.672.346	3.211.123	4.883.469

The accompanying notes form an integral part of this financial statement.

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

(In Thousand of New Turkish Lira)

	Note Ref.	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		March 31, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		2.933.058	5.856.258	8.789.316	3.715.454	4.258.483	7.973.937
I. GUARANTEES AND COLLATERALS	(1), (2)	97.954	526.892	624.846	69.344	415.387	484.731
1.1. Letters of guarantee		97.946	185.381	283.327	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		97.946	185.381	283.327	69.336	147.718	217.054
1.2. Bank loans		-	125	125	-	77	77
1.2.1. Import letters of acceptance		-	125	125	-	77	77
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	237.832	237.832	-	176.439	176.439
1.3.1. Documentary letters of credit		-	237.832	237.832	-	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	103.554	103.562	8	91.153	91.161
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1), (2)	361.009	1.243.777	1.604.786	200.503	377.856	578.359
2.1. Irrevocable commitments		34.878	1.024.529	1.059.407	10.494	159.827	170.321
2.1.1. Forward asset purchase and sales commitments		34.878	1.024.529	1.059.407	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		326.131	219.248	545.379	190.009	218.029	408.038
2.2.1. Revocable loan granting commitments		326.131	215.878	542.009	190.009	215.000	405.009
2.2.2. Other revocable commitments		-	3.370	3.370	-	3.029	3.029
III. DERIVATIVE FINANCIAL INSTRUMENTS		2.474.095	4.085.589	6.559.684	3.445.607	3.465.240	6.910.847
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		2.474.095	4.085.589	6.559.684	3.445.607	3.465.240	6.910.847
3.2.1. Forward foreign currency buy/sell transactions		54.124	117.882	172.006	40.849	117.323	158.172
3.2.1.1. Forward foreign currency transactions-buy		38.853	46.638	85.491	40.672	40.360	81.032
3.2.1.2. Forward foreign currency transactions-sell		15.271	71.244	86.515	177	76.963	77.140
3.2.2. Swap transactions related to f.c. and interest rates		176.447	354.791	531.238	144.786	342.409	487.195
3.2.2.1. Foreign currency swaps-buy		35.998	229.736	265.734	27.203	211.543	238.746
3.2.2.2. Foreign currency swaps-sell		140.449	124.227	264.676	117.583	130.097	247.680
3.2.2.3. Interest rate swaps-buy		-	425	425	-	396	396
3.2.2.4. Interest rate swaps-sell		-	403	403	-	373	373
3.2.3. Foreign currency, interest rate and securities options		1.966.564	3.011.007	4.977.571	2.843.008	2.526.918	5.369.926
3.2.3.1. Foreign currency options-buy		975.357	1.470.501	2.445.858	1.419.300	1.210.825	2.630.125
3.2.3.2. Foreign currency options-sell		991.207	1.448.592	2.439.799	1.399.900	1.225.990	2.625.890
3.2.3.3. Interest rate options-buy		-	35.791	35.791	-	30.036	30.036
3.2.3.4. Interest rate options-sell		-	35.791	35.791	-	30.036	30.036
3.2.3.5. Securities options-buy		-	-	-	23.808	30.031	53.839
3.2.3.6. Securities options-sell		-	20.332	20.332	-	-	-
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		-	470.394	470.394	-	394.754	394.754
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	470.394	470.394	-	394.754	394.754
3.2.6. Other		276.960	131.515	408.475	408.460	75.346	483.806
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		1.944.418	6.820.593	8.765.011	2.007.391	4.991.244	6.998.635
IV. ITEMS HELD IN CUSTODY		1.729.922	174.182	1.904.104	1.824.900	115.253	1.940.153
4.1. Assets under management		7.900	4.404	12.304	6.800	4.557	11.357
4.2. Investment securities held in custody		379.677	169.778	549.455	364.593	110.696	475.289
4.3. Cheques received for collection		230	-	230	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		451.001	-	451.001	453.704	-	453.704
4.8. Custodians		891.114	-	891.114	999.618	-	999.618
V. PLEDGED ITEMS		214.496	6.646.411	6.860.907	182.491	4.875.991	5.058.482
5.1. Marketable securities		14	338.599	338.613	1.554	294.119	295.673
5.2. Guarantee notes		27.692	1.750.285	1.777.977	25.829	1.372.667	1.398.496
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		80.065	2.690.921	2.770.986	97.240	1.906.684	2.003.924
5.6. Other pledged items		106.725	1.866.606	1.973.331	57.868	1.302.521	1.360.389
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		4.877.476	12.676.851	17.554.327	5.722.845	9.249.727	14.972.572

The accompanying notes form an integral part of this financial statement

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Unconsolidated Income Statements for the periods ended March 31, 2008 and March 31, 2007

(In Thousand of New Turkish Lira)

INCOME / (LOSS) ACCOUNTS	Note Ref	Reviewed	
		CURRENT PERIOD	PRIOR PERIOD
		January 1-March 31, 2008	January 1-March 31, 2007
I. INTEREST INCOME	(1)	114.036	95.776
1.1 Interest on loans		39.459	38.256
1.2 Interest received from reserve deposits		233	288
1.3 Interest received from banks		1.345	2.569
1.4 Interest received from money market placements		2	41
1.5 Interest received from marketable securities portfolio		67.732	49.818
1.5.1 Held-for-trading financial assets		357	18
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		67.375	49.800
1.5.4 Investments held-to-maturity		-	-
1.6 Finance lease income		5.038	4.555
1.7 Other interest income		227	249
II. INTEREST EXPENSES	(2)	(46.249)	(60.652)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(20.667)	(36.264)
2.3 Interest on money market borrowings		(25.519)	(24.342)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(63)	(46)
III. NET INTEREST INCOME (I - II)		67.787	35.124
IV. NET FEES AND COMMISSIONS INCOME		1.008	1.732
4.1 Fees and commissions received		1.274	1.933
4.1.1 Non-cash loans		384	835
4.1.2 Other		890	1.098
4.2 Fees and commissions paid		(266)	(201)
4.2.2 Non-cash loans		-	-
4.2.3 Other		(266)	(201)
V. DIVIDEND INCOME		1.892	1.075
VI. NET TRADING INCOME	(3)	(8.814)	137
6.1 Securities trading gains/ (losses)		6.714	2.966
6.2 Foreign exchange gains/losses (net)		(15.528)	(2.829)
VII. OTHER OPERATING INCOME	(4)	2.877	1.638
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		64.750	39.706
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	(14.038)	(3.253)
X. OTHER OPERATING EXPENSES (-)	(6)	(12.434)	(9.853)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		38.278	26.600
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		38.278	26.600
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(7)	(9.656)	(4.857)
16.1 Provision for current income taxes		(5.869)	(5.696)
16.2 Provision for deferred taxes		(3.787)	839
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV+XVI)	(8)	28.622	21.743
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)	28.622	21.743
23.1 Group's profit/loss		28.622	21.743
23.2 Minority shares		-	-
Earnings/(losses) per share		0,072	0,072

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Statement of Profit-Loss Items Accounted for under Shareholders' Equity for the periods ended March 31, 2008 and March 31, 2007
(In Thousand of New Turkish Lira)

	Reviewed	
	CURRENT PERIOD	PRIOR PERIOD
	January 1-March 31, 2008	January 1-March 31, 2007
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(33.695)	978
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	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	(45.380)	7.309
IX. DEFERRED TAX OF VALUATION DIFFERENCES	2.262	2.400
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(76.813)	10.687
XI. CURRENT YEAR PROFIT/LOSS	675	1.886
1.1 Net changes in fair value of securities (Recycled to Profit/Loss)	675	1.886
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)	(76.138)	12.573

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Unconsolidated Statement of Cash Flows for the periods ended at March 31, 2008 and March 31, 2007

(In Thousand of New Turkish Lira)

	Note Ref	Reviewed	Reviewed
		CURRENT PERIOD	PRIOR PERIOD
		1 January-31 March 2008	1 January-31 March 2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		36.432	22.842
1.1.1 Interest received		97.050	89.616
1.1.2 Interest paid		(56.439)	(58.584)
1.1.3 Dividends received		200	1.075
1.1.4 Fees and commissions received		1.274	4.375
1.1.5 Other income		12.118	4.712
1.1.6 Collections from previously written off loans		2.200	516
1.1.7 Payments to personnel and service suppliers		(10.804)	(8.047)
1.1.8 Taxes paid		(16.159)	(10.741)
1.1.9 Others		6.992	(80)
1.2 Changes in operating assets and liabilities		205.264	324.951
1.2.1 Net (increase) decrease in financial assets		28.073	(22.747)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.4 Net (increase) decrease in loans		(516.229)	(74.541)
1.2.5 Net (increase) decrease in other assets		(53.004)	2.823
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		735.199	418.393
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		11.225	1.023
I. Net cash provided from banking operations		241.696	347.793
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(70.889)	(156.343)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	(316)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(1.206)	(1.191)
2.4 Fixed assets sales		-	34
2.5 Cash paid for purchase of financial assets available for sale		(69.683)	(153.196)
2.6 Cash obtained from sale of financial assets available for sale		-	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others		-	(1.674)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(2.209)	(3.986)
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		606	(279)
3.6 Other		-	(983)
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(15.528)	(2.829)
V. Net increase / (decrease) in cash and cash equivalents		153.070	184.635
VI. Cash and cash equivalents at beginning of the period		31.807	111.682
VII. Cash and cash equivalents at end of the period		184.877	296.317

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 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, 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.

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

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

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 Bank have variable interest rates. The financial balances are monitored regularly and fixed and variable interest rate placements are undertaken according to the return on the alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

Due to the fact that the great majority of the loans extended by the Bank have the flexibility of reflecting the changes in market interest rates to customers, the interest rate risk is kept at minimum level. Moreover, the highly profitable Eurobond and the foreign currency government indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

The Bank liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is safeguarded by monetary swaps.

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors' expectations and their tendencies, interest-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 project, the collateral and the value add introduced by the Bank.

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank is exposed to significant financial risk originating from the changes in the interest and foreign exchange rates as part of its normal operations. The Bank exercises derivative financial instruments to manage these interest and foreign exchange financial risks.

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

The derivative instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Some of the derivative instruments, although economical hedges, are accounted for as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments: Recognition and Measurement" ("TAS 39"). Realized gains or losses are reflected in the 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 Bank has no derivative instruments used for hedging purposes.

IV. 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.

V. 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 an integral part 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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VI. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments constitute the basis of Bank's trading activities and operations. Risks related with these instruments constitutes majority of total risks. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution, and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the entity accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the entity settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Fair value differences are not accounted for assets valued at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the 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:

Bank classifies its marketable securities in three groups:

Financial assets at fair value through profit and loss: These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale or buying back in a near future. (ii) The financial assets classified at inception as financial assets at fair value through profit or loss by the Bank. The Bank use such classification above when permitted or for the purposes of providing a more proper disclosure.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VI. 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 gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. At the disposal of available for sale financial assets, value increases/decreases recorded in the securities value increase fund under equity are transferred to income statement.

Loans:

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

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VI. 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 rates as of the opening date and followed in TRY accounts. Repayments are measured with the foreign currency rates 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.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank 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 Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective evidence related to the occurrence of one or more than one event ("loss event") after the first 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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VIII. Offsetting of Financial Assets and Liabilities

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

IX. 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 Bank 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.

X. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale are measured at the lower of the assets’ carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay happened due to the circumstances and conditions beyond the control of the Bank and if there is enough evidence that the sale plan of the related asset (or disposal group of asset) of the Bank is still in process, the delay in the sales process does not prevent the classification of the asset (or disposal group of asset) as an asset held for sale.

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XI. Explanations on Goodwill and Other Intangible Assets

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

The standalone financial statements of the Bank do not include goodwill as of the balance sheet date.

Intangible assets that are acquired prior to January 1, 2005 are carried at restated historical cost as of December 31, 2004; and intangible assets that are acquired subsequent to January 1, 2005 are carried at cost less accumulated amortization, and any impairment. Intangible assets are amortized 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 amortized principally on a straight-line basis over 5 years.

XII. 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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XIII. Explanations on Leasing Transactions

The Bank as Lessor

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

The Bank as Lessee

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

XIV. 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 Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

XV. Explanations on Liabilities Regarding Employee Benefits

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

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

Employees of the Bank are members of "Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı" and "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" ("the Pension Fund"). 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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XV. 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, the execution of this article was cancelled as of the publication of the decision and the underlying reasoning for the cancellation of the related article was published in the Official Gazette No: 26731 on 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 for providing any provisions in accordance with the principles set out in the Council of Minister's Resolution No: 2006/11345 published in the Official Gazette No: 26377 on December 15, 2006 for the purpose of identifying procedures and principles to apply transfer requirements.

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XVI. 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 Bank'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 Bank 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 Procedure 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.

XVII. 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XVIII. Explanations on Share Certificates

In the current period, there is no increase in the paid-in capital. However, in the meeting of the Board of Directors held on February 14, 2008; it has been resolved that, paid-in capital of the Bank will be increased from TRY 400.000 Thousand to TRY 500.000 Thousand by TRY 100.000 Thousand. In respect of the resolution of the General Assembly, TRY 84.000 Thousand of this increase will be transferred from the profit of the year 2007 and TRY 16.000 Thousand from share capital inflation restatement adjustment. The increase in paid-in capital was approved by BRSA on April 11, 2008; however registration procedures have not been completed as of the date of this report.

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

XIX. 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.

XX. Explanations on Government Incentives

The Bank doesn't use government incentives.

XXI. Explanations on Segment Reporting

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

Corporate Marketing Management operations are included in the corporate banking. The corporate banking is serving financial solutions and banking services for its large-scale corporate customers. Among the services given to corporate customers are; 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 Bank's net profit as of March 31, 2008 is shown below.

	Corporate	Investment Banking	Other	Total
Net Interest Income	28.491	39.296		67.787
Net Commission and Fees Income	504	551	(47)	1.008
Other Income	2.200	(8.814)	2.569	(4.045)
Other Expense	(8.287)	(14.036)	(4.149)	(26.472)
Profit Before Tax	22.908	16.997	(1.627)	38.278
Tax Provision				(9.656)
Net Profit				28.622

XXII. Explanations on Other Matters

None, other than the above explanations.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The capital adequacy ratio is 20,94 % as at March 31, 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						
	Bank						
	0%	10%	20%	50%	100%	150%	200%
Amounts Subject to Credit Risk							
Balance Sheet items (Net)	1.752.412	-	829.534	593.792	2.320.059	-	-
Cash	273	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	3.959	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	180.994	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	44.167	-	-	-	-	-	-
Loans	6.521	-	576.603	558.246	1.838.077	-	-
Non-performing loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables (*)	79	-	71.937	35.546	168.270	-	-
Available-For-Sale Financial Assets	1.649.906	-	-	-	64.799	-	-
Held to Maturity Investments	-	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	60.424	-	-
Interest and Income Accruals (*)	-	-	-	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	7.597	-	-	-	157.299	-	-
Tangible Assets	-	-	-	-	18.102	-	-
Other Assets	39.910	-	-	-	13.088	-	-
Off-Balance Sheet Items	-	-	224.221	47.566	111.264	-	-
Guarantees and Commitments	-	-	141.667	47.566	103.554	-	-
Derivative Financial Instruments	-	-	82.554	-	7.710	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	1.752.412	-	1.053.755	641.358	2.431.323	-	-

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

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	2.962.753	2.474.475
Amount Subject to Market Risk (ASMR)	472.913	177.775
Amount Subject to Operational Risk (ASOR)	280.666	234.512
Shareholders' Equity	778.090	797.430
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	20,94	27,62

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

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

Information related to the components of shareholders' equity:

	31.03.2008	31.12.2007
CORE CAPITAL		
Paid-in capital	400.000	400.000
Nominal capital	400.000	400.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	16.374	16.374
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	42.581	28.526
First legal reserve (Turkish Commercial Code 466/1)	22.235	14.861
Second legal reserve (Turkish Commercial Code 466/2)	20.346	13.665
Other legal reserve per special legislation	-	-
Statutory reserves	22.235	14.861
Extraordinary reserves	102.699	91.840
Reserves allocated by the General Assembly	99.779	88.920
Retained earnings	2.920	2.920
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	-	-
Profit	112.622	147.481
Current period profit	28.622	147.481
Prior years' profits	84.000	-
Provisions for possible losses up to 25% of core capital	6.808	6.808
Gains on sale of associates and subsidiaries and properties to be added to capital	28.378	-
Primary subordinated loans up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	-	-
Prepaid expenses (-)	(3.317)	(2.765)
Intangible assets (-)	(349)	(323)
Deferred tax asset exceeding 10% of the Core Capital	-	-
Excess amount as per the Article 56, Clause 3 of the Banking Law	-	-
Total Core Capital	728.031	702.802

TURKIYE SINAI KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

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

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

	31.03.2008	31.12.2007
SUPPLEMENTARY CAPITAL		
General Loan Loss Provisions	23.413	19.396
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	64.750	58.200
Marketable securities value increase fund	(37.543)	17.593
Associates and subsidiaries	(14.629)	13.838
Available for sale securities	(22.914)	3.755
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	50.620	95.189
TIER III CAPITAL	-	-
CAPITAL	778.651	797.991
DEDUCTIONS FROM THE CAPITAL	(561)	(561)
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than Ten percent of capitals which exceed the ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements in securities of these entities that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	(561)	(561)
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	778.090	797.430

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Market Risk

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

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

The standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Bank applies parametric and historical simulation models to securities portfolio, foreign currency position on a daily or monthly basis to detect the market risks. The success of these models is tested retrospectively. The Bank also makes VaR calculations, scenario 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	32.112
Resulting From Financial Instruments related to Interest Income	31.693
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	419
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	2.180
Resulting From Financial Instruments related to Interest Income	885
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	1.295
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	3.541
Capital Requirement	3.512
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	29
(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)	37.833
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	472.913

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Operational Risk

The Bank uses “Basic Indicator Method” in its operational risk calculation. The base amount for operational risk is measured by using the last three years, 2007, 2006 and 2005, 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 Currency Risk

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

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

The Bank has no foreign currency and net foreign investment hedging transactions through derivative instruments.

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

	1 US Dollar	1 EURO	YEN
A. Bank “Foreign Exchange Valuation Rate”			
March 31, 2008	1,2950	2,0452	0,012996
<u>Prior Five Workdays:</u>			
March 28, 2007	1,2630	1,9937	0,012666
March 27, 2007	1,2700	2,0057	0,012830
March 26, 2007	1,2500	1,9481	0,012474
March 25, 2007	1,2300	1,9133	0,012273
March 24, 2007	1,2430	1,9106	0,012434

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Bank before the balance sheet date are TRY 1,2357, TRY 1,9163 and TRY 0,012262; respectively.

TURKIYE SINAI KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

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

Information on the Bank's 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) and Balances with the Central Bank of Turkey.	104	3.685	-	5	3.794
Banks	32.781	131.605	384	624	165.394
Financial Assets at Fair Value Through Profit and Loss	7.952	43.145	-	-	51.097
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	67.983	356.810	-	-	424.793
Loans (*)	1.606.726	1.282.518	56.474	-	2.945.718
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	8	8
Intangible Assets	-	-	-	-	-
Other Assets(**)	217.651	154.686	7.277	1	379.615
Total Assets	1.933.197	1.972.449	64.135	638	3.970.419
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	29.221	90.694	-	-	119.915
Funds Provided From Other Financial Institutions	1.934.462	1.920.667	77.475	-	3.932.604
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.452	6.254	5	1	8.712
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	8.996	45.447	1	-	54.444
Total Liabilities	1.975.131	2.063.062	77.481	1	4.115.675
Net Balance Sheet Position	(41.934)	(90.613)	(13.346)	637	(145.256)
Net Off-Balance Sheet Position	68.882	39.833	14.243	456	123.414
Financial Derivative Assets	654.733	1.354.571	257.921	3.035	2.270.260
Financial Derivative Liabilities	(585.851)	(1.314.738)	(243.678)	(2.579)	(2.146.846)
Non-Cash Loans (****)	111.776	401.629	-	13.487	526.892
Prior Period					
Total Assets	1.536.048	1.558.007	62.102	400	3.156.557
Total Liabilities	1.622.537	1.513.718	75.005	6	3.211.266
Net Balance Sheet Position	(86.489)	44.289	(12.903)	394	(54.709)
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 1.161.960 Thousand foreign currency indexed loans.

(**) TRY 1.679 Thousand prepaid expenses are not added to other assets.

(***)TRY (12.938) Thousand marketable securities value increase fund is not presented in other liabilities.

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

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

V. Explanations Related to Interest Rate Risk

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

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario 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 Bank. As the Bank is a development and investment bank, it obtains most of the fundings from abroad.

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

V. Explanations Related to 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) and Balances with the Central Bank of Turkey.	-	-	-	-	-	4.232	4.232
Banks	143.618	-	1.009	-	-	36.367	180.994
Financial Assets at Fair Value Through Profit and Loss	6.786	1.435	49.242	21.038	-	604	79.105
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	298.484	8.980	381.137	733.844	269.997	22.263	1.714.705
Loans	433.036	1.016.079	1.322.149	187.084	21.099	-	2.979.447
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	45.104	164.827	53.634	22.208	570	334.303	620.646
Total Assets	927.028	1.191.321	1.807.171	964.174	291.666	397.769	5.579.129
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	702.983	-	47.346	-	-	-	750.329
Sundry Creditors	-	-	-	-	-	22.421	22.421
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	921.117	1.190.599	1.593.065	219.648	40.411	-	3.964.840
Other Liabilities	13.374	8.239	47.948	6.701	133	765.144	841.539
Total Liabilities	1.637.474	1.198.838	1.688.359	226.349	40.544	787.565	5.579.129
Balance Sheet Long Position	-	-	118.812	737.825	251.122	-	1.107.759
Balance Sheet Short Position	(710.446)	(7.517)	-	-	-	(389.796)	(1.107.759)
Off-Balance Sheet Long Position	-	-	2.721	-	-	-	2.721
Off-Balance Sheet Short Position	(2.209)	(1.593)	-	(470.246)	-	-	(474.048)
Total Position	(712.655)	(9.110)	121.533	267.579	251.122	(389.796)	(471.327)

(*) 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.

TURKIYE SINAI KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

V. Explanations Related to 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	-	0,95	-	-
Banks	4,06	3,19	-	16,21
Financial assets at fair value through profit and loss	-	-	-	16,17
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	5,13	6,15	-	17,40
Loans	6,95	6,36	4,85	15,91
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	4,14	2,51	-	15,35
Sundry creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,69	4,62	1,96	16,00

TURKIYE SINAI KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 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) and Balances with the Central Bank of Turkey	-	-	-	-	-	3.367	3.367
Banks	10.858	-	-	-	-	17.586	28.444
Financial Assets at Fair Value Through Profit and Loss	4.350	11.347	11.037	54.371	-	525	81.630
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	249.034	394.782	168.728	690.657	143.008	21.744	1.667.953
Loans	817.256	933.217	639.626	159.262	4.911	-	2.554.272
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	13.880	117.568	87.136	22.688	-	306.531	547.803
Total Assets	1.095.378	1.456.914	906.527	926.978	147.919	349.753	4.883.469
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	817.049		17.039	-	-	-	834.088
Sundry Creditors	-	-	-	-	-	20.653	20.653
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	835.359	1.139.047	964.849	201.512	34.139	-	3.174.906
Other Liabilities	3.743	9.611	14.481	17.718	-	808.269	853.822
Total Liabilities	1.656.151	1.148.658	996.369	219.230	34.139	828.922	4.883.469
Balance Sheet Long Position	-	308.256	-	707.748	113.780	-	1.129.784
Balance Sheet Short Position	(560.773)	-	(89.842)	-	-	(479.169)	(1.129.784)
Off-Balance Sheet Long Position	811	4.063	-	-	-	-	4.874
Off-Balance Sheet Short Position	-	-	(25.776)	(421.193)	-	-	(446.969)
Total Position	(559.962)	312.319	(115.618)	286.555	113.780	(479.169)	(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.

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

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

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

	EURO	USD	Yen	TRY
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	1,95	-	-
Banks	4,10	-	-	16,50
Financial assets at fair value through profit and loss	-	-	-	16,36
Money Market Placements	-	-	-	-
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	-	17,01
Sundry creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,82	5,85	1,96	11,00

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

VI. Explanations Related to Liquidity Risk

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

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

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

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

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

TURKIYE SINAI KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

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

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistrib uted(*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	4.232	-	-	-	-	-	-	4.232
Banks	36.367	143.618	-	1.009	-	-	-	180.994
Financial Assets at Fair Value Through Profit and Loss	604	6.786	1.435	49.763	19.725	792	-	79.105
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	2.767	96.542	9.391	231.716	827.303	527.490	19.496	1.714.705
Loans	-	42.233	57.707	536.552	1.917.643	425.312	-	2.979.447
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	6.472	23.282	17.040	39.547	200.002	334.303	620.646
Total Assets	43.970	295.651	91.815	836.080	2.804.218	1.153.596	353.799	5.579.129
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	585.458	99.539	486.555	1.292.883	1.500.405	-	3.964.840
Money Market Borrowings	-	702.983	-	47.346	-	-	-	750.329
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	-	22.421	22.421
Other Liabilities	-	13.506	7.534	48.521	6.701	133	765.144	841.539
Total Liabilities	-	1.301.947	107.073	582.422	1.299.584	1.500.538	787.565	5.579.129
Liquidity Gap	43.970	(1.006.296)	(15.258)	253.658	1.504.634	(346.942)	(433.766)	-
Prior Period								
Total Assets	24.481	49.491	152.908	782.623	2.749.592	799.102	325.272	4.883.469
Total Liabilities	-	879.139	87.450	657.236	1.073.966	1.356.759	828.919	4.883.469
Liquidity Gap	24.481	(829.648)	65.458	125.387	1.675.626	(557.657)	(503.647)	-

(*)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.

SECTION FIVE

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

I. Explanations Related to the 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	105	168	118	114
Balances with the Central Bank of Turkey	333	3.626	98	3.037
Other	-	-	-	-
Total	438	3.794	216	3.151

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits	333	3.626	98	3.037
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Total	333	3.626	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

As of the balance sheet date, the Bank has no trading securities given as collateral or blocked. (December 31, 2007: None).

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

As of the balance sheet date, the Bank has no trading securities subject to repurchase agreements (December 31, 2007: None).

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 Bank 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 Bank has no financial assets designated as at fair value through profit and loss subject to repurchase agreements (December 31, 2007: None).

TURKIYE SINAI KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE (Cont'd)

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

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

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

Held for trading financial derivative instruments	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	1.795	-	1.700	-
Swap Transactions	8.025	1.340	4.807	1.153
Futures Transactions	-	-	-	-
Options	4.778	49.481	10.898	12.908
Other	-	276	-	-
Total	14.598	51.097	17.405	14.061

3.a Information on banks

Banks	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	15.600	134.776	16.490	1.385
Foreign	-	30.618	-	10.569
Branches and head office abroad	-	-	-	-
Total	15.600	165.394	16.490	11.954

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	723.232	125.164	880.683	71.072
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	723.232	125.164	880.683	71.072

SECTION FIVE (Cont'd)

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

I. Explanations Related to the 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 341.041 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	168.638	172.403	162.054	110.401
Other	-	-	-	-
Total	168.638	172.403	162.054	110.401

4.b Major types of available for sale financial assets

Available for sale financial assets comprise 78,56% government bonds and 17,10% Eurobonds, and 4,34% 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	1.724.408	1.650.710
Quoted on a stock exchange	1.368.638	1.418.166
Not quoted	355.770	232.544
Share certificates	28.703	27.015
Quoted on a stock exchange	3.836	3.388
Not quoted	24.867	23.627
Impairment provision(-)	(41.173)	(12.778)
Other	2.767	3.006
Total	1.714.705	1.667.953

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 17.182 Thousand which is recorded at cost since its fair value cannot be reliably estimated.

SECTION FIVE (Cont'd)

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

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

5. Information on Loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	24.347	-	24.347
Corporate shareholders	-	24.347	-	24.347
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	2.676	-	2.349	-
Loans granted to employees	147	-	174	-
Total	2.823	24.347	2.523	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	2.979.386	-	-	-
Discount notes	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Investment loans	1.632.340	-	-	-
Loans given to financial sector	814.068	-	-	-
Foreign loans	8.151	-	-	-
Consumer loans	147	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	524.680	-	-	-
Specialized loans	61	-	-	-
Other receivables	-	-	-	-
Total	2.979.447	-	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008

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

SECTION FIVE (Cont'd)

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

I. Explanations Related to the 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	147	-	147
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	147	-	147
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	147	-	147

SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd):

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

The 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	2.971.296	2.545.989
Foreign loans	8.151	8.283
Total	2.979.447	2.554.272

5.f Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	55.864	51.331
Indirect loans granted to subsidiaries and associates	-	-
Total	55.864	51.331

5.g Specific provisions provided against loans

	Current Period	Prior Period
Loans and receivables with limited collectibility	547	560
Loans and receivables with doubtful collectibility	-	-
Uncollectible loans and receivables	16.751	18.860
Total	17.298	19.420

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

SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd):

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	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	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Prior period end balance	560	-	18.860
Additions (+)	-	-	78
Transfers from other categories of non-performing Loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	(13)	-	(2.187)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	547	-	16.751
Specific provision (-)	(547)	-	(16.751)
Net Balances on Balance Sheet	-	-	-

SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd):

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

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
Period End Balance	547	-	2.607
Special Provision (-)	(547)	-	(2.607)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	560	-	2.673
Special 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 Collectibility	Loans and Receivables With Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	547	-	16.751
Specific Provision Amount (-)	(547)	-	(16.751)
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)	-	-	-

SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd):

5.i Main principles of liquidating loans and receivables

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

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

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

SECTION FIVE (Cont'd)

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

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

6. Information on Held-to-Maturity Investments:

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

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

The Bank 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

As of the balance sheet date, the Bank has no investment securities held-to-maturity (December 31, 2007: None).

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

As of the balance sheet date, the Bank has no investment securities held-to-maturity (December 31, 2007: None).

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

As of the balance sheet date, the Bank has no investment securities held-to-maturity (December 31, 2007: None).

7. Information on Associates (Net):

7.a.1 Information on associates

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	GÖZLÜK SANAYİ A.Ş. (Gözlük)	Izmir/Turkey	21,71	21,71
2	İŞ FACTORİNG FİNANSMAN HİZMETLERİ A.Ş. (İş Factoring)	Istanbul/Turkey	21,75	100,00
3	İŞ FİNANSAL KİRALAMA A.Ş. (İş Finansal)	Istanbul/Turkey	28,56	58,54
4	İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	48,75
5	SENAPA-STAMPA AMBALAJ SANAYİ VE TİCARET A.Ş. (Senapa)	Kocaeli/Turkey	7,97	7,97
6	TERME METAL SANAYİ VE TİCARET A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
7	TSKB YATIRIM ORTAKLIĞI A.Ş. (TSKB Y.O.)	Istanbul/Turkey	29,75	44,48
8	ÜNSA AMBALAJ SANAYİ VE TİCARET A.Ş. (Ünsa)	Istanbul/Turkey	12,00	12,00
9	YATIRIM FİNANSMAN YATIRIM ORTAKLIĞI A.Ş. (Yatırım Fin.Y.O.)	Istanbul/Turkey	10,78	41,18

SECTION FIVE (Cont'd)

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

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

7. Information on Associates (Net) (Cont'd):

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

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
Gözlük (1)	3.773	3.513	3.309	4	-	(371)	(389)	-
İş Factoring (2)	81.391	10.736	94	451	2	788	1.174	-
İş Finansal (3)	1.052.343	212.582	1.089	110.538	-	46.716	27.446	33.865
İş Girişim (4)	107.731	106.378	1.672	4.393	7.159	2.626	15.088	7.646
Senapa (5)	32.311	4.261	21.804	8	-	(1.603)	(453)	-
Terme (6)	9.294	1.052	329	-	-	441	(291)	-
TSKB Y.O. (7)	19.652	18.694	-	40	353	(2.611)	2.111	2.624
Ünsa (8)	69.202	24.533	22.381	79	-	(1.601)	(4.587)	-
Yatırım Fin. Y.O.(9)	12.168	12.130	-	-	(1.276)	(2.229)	2.090	593

- (1) Represents audited 31.12.2007 financial statements. Prior year loss is obtained from 31.12.2006 financial statements.
(2) Represents un-reviewed 31.03.2008 financial statements. Prior year loss is obtained from 31.12.2007 financial statements.
(3) Represents audited 31.12.2007 consolidated financial statements. Prior year profit is obtained from 31.12.2006 financial statements. Fair value is presented as of 31.03.2008
(4) Represents audited 31.12.2007 consolidated financial statements. Prior year profit is obtained from 31.12.2006 financial statements. Fair value is presented as of 31.03.2008.
(5) Represents un-reviewed 31.03.2008 financial statements. Prior year loss is obtained from 31.12.2007 financial statements.
(6) Represents audited 31.12.2007 financial statements. Prior year loss is obtained from 31.12.2006 financial statements.
(7) Represents un-reviewed 31.03.2008 financial statements. Prior year profit is obtained from 31.12.2007 financial statements. Fair value is presented as of 31.03.2008.
(8) Represents un-audited 31.12.2007 financial statements. Prior year loss is obtained from 31.12.2006 financial statements.
(9) Represents un-reviewed 31.03.2008 financial statements. Prior year profit is obtained from 31.12.2007 financial statements. Fair value is presented as of 31.03.2008.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE (Cont'd)

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

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

7. Information on Associates (Net) (Cont'd):

7.a.2 Information on associates

	Current Period	Prior Period
Balance at the Beginning of the Period	99.938	109.236
Movements During the Period	(45.380)	(9.298)
Purchases	-	11.946
Bonus Shares Obtained	-	329
Current Year Share of Profit	-	-
Sales (*)	-	(6.849)
Revaluation Increase	-	-
Provision for Impairment	(45.380)	(14.724)
Balance at the End of the Period	54.558	99.938
Capital Commitments	-	-
Share Percentage at the End of the 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.3 Sectoral information of associates and the related carrying amounts in the legal books

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	1.551	1.551
Leasing Companies	33.866	74.504
Financial Service Companies	-	-
Other Associates	19.141	23.883

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

	Current Period	Prior Period
Associates quoted on domestic stock markets	44.729	90.109
Associates quoted on foreign stock markets	-	-

SECTION FIVE (Cont'd)

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

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

7. Information on Associates (Net) (Cont'd):

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 bank has not purchased any associate.

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

8. Information on Subsidiaries (Net):

8.a.1 Information on subsidiaries

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş.	İstanbul /Turkey	80,00	80,00
2	Yatırım Finansman Menkul Değerler A.Ş.	İstanbul /Turkey	95,78	98,42
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	96,00	100,00

	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)	2.607	2.145	1.092	-	-	134	827	-
YF MEN.DĞ. (2)	111.950	42.288	1.577	1.296	195	99	7.753	-
TSKB GYO (3)	120.656	78.319	46.986	40	48	(2.405)	4.024	-

- (1) Represents un-reviewed 31.03.2008 financial statements. Prior year profit is obtained from 31.12.2007 financial statements.
(2) Represents un-reviewed 31.03.2008 financial statements. Prior year profit is obtained from 31.12.2007 financial statements.
(3) Represents un-reviewed 31.03.2008 financial statements. Prior year profit is obtained from 31.12.2007 financial statements.

SECTION FIVE (Cont'd)

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

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

8. Information on Subsidiaries (Net): (Cont'd)

8.a.2 Information on subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	110.338	40.150
Movements in period	-	70.188
Purchases	-	64.800
Bonus shares obtained	-	17.552
Current Year Share of Profit	-	-
Sales	-	-
Revaluation increase	-	-
Provision for Impairment	-	(12.164)
Balance at the end of the period	110.338	110.338
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Subsidiaries	110.338	110.338

8.a.4 Subsidiaries quoted on stock market

As of the balance sheet date, the Bank has no subsidiaries quoted on the stock exchange (December 31, 2007: None).

8.a.5 Subsidiaries sold in the current period

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

SECTION FIVE (Cont'd)

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

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

8. Information on Subsidiaries (Net): (Cont'd)

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

The Bank has not purchased any subsidiaries during the current period.

During the prior period, the 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. Bank's share percentage which was 96% has not changed. Also, the 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 Bank in the related subsidiary have been increased to 95,78 % from 88,78 %. In addition, the Bank obtained TRY 17.552 Thousand bonus shares from the capital increase of Yatırım Finansman Menkul Değerler A.Ş.

9. Information on Entities under Common Control:

The Bank has no entities under common control as of the 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	14.747	14.396	2.864	2.764
Between 1- 4 years	179.210	159.938	160.889	141.928
More than 4 years	123.570	101.498	106.942	86.070
Total	317.527	275.832	270.695	230.762

10.b The information on net investments in finance leases

	Current Period	Prior Period
Gross investments in finance leases	317.527	270.695
Unearned revenue from finance leases (-)	(41.695)	(39.933)
Cancelled finance leases (-)	-	-
Net investments in finance leases	275.832	230.762

SECTION FIVE (Cont'd)

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

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

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

- 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; which has material effect on financial statements.

11. Information on Derivative Financial Assets for Hedging Purposes:

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

12. Information on Investment Property:

The Bank has no investment property (December 31, 2007: None).

13. Information on Deferred Tax Assets:

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

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

Deferred tax asset:	Current Period	Prior Period
Useful life difference of fixed assets	928	656
Financial lease adjustments	1.856	652
Derivative instrument accruals	(454)	876
Employee benefit provision	539	551
Loan commissions accrual adjustment	1.902	1.424
Other provisions	1.851	1.851
Other	-	34
Total	6.622	6.044

In addition, TRY 2.262 Thousand deferred tax liability, which is calculated over the fair value differences on available for sale securities, is offset against the “available for sale securities value increase fund” item under equity.

SECTION FIVE(Cont'd)

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

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

13. Information on Deferred Tax Assets (Cont'd):

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

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

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

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

14. Information related to assets held for sale

As of the balance sheet date, the Bank has TRY 10.510 Thousand of 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).

SECTION FIVE (Cont'd)

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

II. Explanations Related to the Liabilities

1. Information of Maturity Structure of Deposits:

1.a.1 Maturity structure of deposits

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

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

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	3.709	-	610	-
Swap Transactions	13.435	739	20.272	500
Futures Transactions	-	-	-	-
Options	4.778	49.762	10.898	12.790
Other	-	-	-	142
Total	21.922	50.501	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	28.020	230.222	49.022	9.313
From Foreign Banks, Institutions and Funds	4.155	3.639.794	4.155	3.052.720
Total	32.175	3.870.016	53.177	3.062.033

3.b Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	28.020	935.991	49.022	523.640
Medium and long-term	4.155	2.934.025	4.155	2.538.393
Total	32.175	3.870.016	53.177	3.062.033

SECTION FIVE (Cont'd)

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

II. Explanations Related to the 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 Bank entered into the financial lease transactions with its affiliates 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 important liabilities to the Bank.

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

There are no changes in financial leasing contracts.

5.c Explanations on finance lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.000	946	351	340
Between 1- 4 years	3	2	4	2
More than 4 years	-	-	-	-
Total	1.003	948	355	342

5.d Explanations regarding operational leases:

As of the balance sheet date, the Bank's 2 head office buildings and 3 branches are subject to operational leasing. Additionally, 21 cars are within the context of operational leasing. The Bank has no obligations for operational leases in the current period (December 31, 2007: 2 head office buildings, 3 branches and 21 cars were subject to operational leasing).

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

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

6. Information on Derivative Financial Liabilities for Hedging Purposes:

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

SECTION FIVE (Cont'd)

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

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

7. Information on Provisions:

7.a Information on general provisions

	Current Period	Prior Period
General Provisions	23.413	19.396
Provisions for First Group Loans and Receivables	18.756	15.678
Provisions for Second Group Loans and Receivables	1	2
Provisions for Non-Cash Loans	932	660
Other	3.724	3.056

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 26.364 Thousand (December 31, 2007: TRY 83.669 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	6.808	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	6.808	6.808
Provision for Dividend Received from Subsidiaries	2.424	2.424

8. Explanations on the Number of Subordinated Loans the Bank Used, Maturity, Interest Rate, Institution that the Loan was Borrowed From, and Conversion Option, If Any:

The Bank has signed an agreement with the International Finance Corporation, for a subordinated loan of USD 50.000.000 (TRY 62.588 Thousand). The interest expense accrual of this borrowing is TRY (2.162) 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 (5,205+2,5 spread) 7,705%. There is no principle repayment during the first 5 years and the maturity is October 15, 2016.

SECTION FIVE (Cont'd)

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

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

9. Information on Taxes Payable:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable	39.577	-	33.689	-
Deferred tax liability	-	-	-	-
Total	39.577	-	33.689	-

9.a Information on deferred taxes liabilities

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

9.a.1 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	39.577	33.689
Taxation of securities	-	905
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	268	131
Foreign Exchange Transaction Tax	89	54
Value Added Tax Payable	222	-
Other	2.242	1.447
Total	42.398	36.226

9.a.2 Information on premiums

	Current Period	Prior Period
Social Security Premiums-Employee	1	-
Social Security Premiums-Employer	1	-
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	11
Unemployment insurance-Employer	23	21
Other	-	-
Total	36	32

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008

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

SECTION FIVE (Cont'd)

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

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

10. Information on Shareholders' Equity:

10.a Presentation of paid-in capital

	Current Period	Prior Period
Common stock	400.000	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	400.000	1.000.000

In the prior period, the 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 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, there is no increase in the paid-in capital. However, in the meeting of Board of the Directors held on February 14, 2008; it has been resolved that, paid-in capital of the Bank will be increased from TRY 400.000 Thousand to TRY 500.000 Thousand. In respect of the resolution of the General Assembly, TRY 84.000 Thousand of this increase will be transferred from the profit of the year 2007 and TRY 16.000 Thousand from share capital inflation restatement adjustment. The increase in paid-in capital was approved by BRSA on April 11, 2008; however registration procedures have not been completed as of the date of this report.

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 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, there is no share capital increase from capital reserves.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1, 2008 TO MARCH 31, 2008

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

SECTION FIVE (Cont'd)

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

II. Explanations Related to the 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 Bank has no capital commitments in the last fiscal year and at the end of the following interim period.

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

The prior period income, profitability and liquidity of the 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 Bank operations are profitable, and the Bank keeps the major part of its profit by capital increases or capital reserves within the shareholders equity. On the other hand, since the Bank has placed a minor part of its shareholders equity to fixed assets and subsidiaries, free capital of the Bank is remarkably high. As a result, the Bank's shareholders equity keeps getting strengthened.

10.g Information on preferred shares

The 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	(14.629)	-	30.751	-
Valuation Differences	(9.976)	(12.938)	8.662	(143)
Foreign Exchange Difference	-	-	-	-
Total	(24.605)	(12.938)	39.413	(143)

11. Information on minority shares:

There are no minority shares in the accompanying unconsolidated financial statements.

SECTION FIVE (Cont'd)

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

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

1. Information on Off-Balance Sheet Liabilities:

1.a Nature and amount of irrevocable loan commitments

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

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

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

As at the balance sheet date, total letter of credits is TRY 237.832 Thousand (December 31, 2007: TRY 176.439 Thousand).

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

As at the balance sheet date, total letters of guarantee is TRY 283.327 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 obtaining cash loans	103.562	91.161
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	103.562	91.161
Other non-cash loans	521.284	393.570
Total	624.846	484.731

SECTION FIVE (Cont'd)

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

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	47.940	49	250.072	48	30.810	45	184.354	44
Mining	-	-	-	-	-	-	-	-
Manufacturing Industry	7.963	8	194.167	37	7.962	12	159.442	38
Electricity, Gas, Water	39.977	41	55.905	11	22.848	33	24.912	6
Construction	20.775	21	13.281	2	9.123	13	309	-
Services	29.231	30	263.539	50	29.403	42	230.724	56
Wholesale and Retail Trade	-	-	154.229	29	-	-	132.684	32
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and Communication	2	-	98.000	19	2	-	88.085	21
Financial Institutions	25.229	26	7.770	1	25.233	36	6.984	2
Real Asset and Leasing Services	-	-	3.540	1	168	-	2.971	1
Self-employment services	4.000	4	-	-	4.000	6	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	8	-	-	-	8	-	-	-
Total	97.954	100	526.892	100	69.344	100	415.387	100

1.c.3 Information on I and II group non-cash loans

	I Group		II Group	
	TRY	FC	TRY	FC
Non-cash loans	97.954	526.892	-	-
Letters of guarantee	97.946	185.381	-	-
Bank acceptances	-	125	-	-
Letters of credit	-	237.832	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other	8	103.554	-	-

SECTION FIVE (Cont'd)

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

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

2. Explanations on Contingent Liabilities and Assets:

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

The 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 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 Council of State 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.

On August 1, 2007 the 4th Chamber of Council of State has notified İş Factoring Finansman Hizmetleri A.Ş. that according to the Council's decree dated April 10, 2007 it has been decided on the reversal of judicial order taken by the 3rd Tax Court in Istanbul regarding the realization of installment plan payments of İş Factoring Finansman Hizmetleri A.Ş. to the related Tax Office. The remaining liability is TRY 7.904 Thousand in accordance with the repayment schedule notified by the Tax Office and due to the fact that the court decision has not been certified, yet, İş Factoring Finansman Hizmetleri A.Ş. management has decided to keep such amount in its financial statements.

SECTION FIVE (Cont'd)

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

IV. Explanations Related to the Statement of Income

1.a Information on interest on loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans				
Short term loans	1.093	608	510	488
Medium and long term loans	15.518	21.226	13.538	23.204
Interest on non-performing loans	1.012	2	516	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	17.623	21.836	14.564	23.692

1.b Information on interest received from banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	591	603	220	1.042
Foreign banks	-	151	267	1.040
Branches and head office abroad	-	-	-	-
Total	591	754	487	2.082

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	565	117

2.a Information on interest on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	1.292	12.481	270	6.861
The Central Bank of Turkey	32	-	2	-
Domestic banks	458	1.213	264	558
Foreign banks	802	11.268	4	6.303
Branches and head office abroad	-	-	-	-
Other financial institutions	-	6.894	-	29.133
Total	1.292	19.375	270	35.994

2.b Information on interest expense to associates and subsidiaries

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

SECTION FIVE (Cont'd)

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

IV. Explanations Related to the Statement of Income

3. Information on Net Trading Income (Net):

	Current Period	Prior Period
Profit	293.419	46.731
Gains on capital market operations	97.898	25.299
On derivative financial instruments	96.184	22.764
Other	1.714	2.535
Foreign exchange gains	195.521	21.432
Loss (-)	(302.233)	(46.594)
Losses on capital market operations	(91.184)	(22.333)
On derivative financial instruments	(87.355)	(18.451)
Other	(3.829)	(3.882)
Foreign exchange losses	(211.049)	(24.261)

4. Information Related with Other Operating Income:

	Current Period	Prior Period
Provisions Released	2.200	1.266
Gains on Sale of Assets	-	31
From Associate and Subsidiary Sales	-	-
From Properties Sales	-	-
From Movable Assets Sales	-	31
From Other Asset Sales	-	-
Other	677	341
Total	2.877	1.638

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	78	6
III. Group	-	-
IV. Group	-	-
V. Group	78	6
General provision expenses	4.017	1.986
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	-	-
Marketable securities impairment expenses	9.943	1.261
Trading securities	114	-
Investment securities available for sale	9.829	1.261
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Impairment on assets held for resale	-	-
Other	-	-
Total	14.038	3.253

SECTION FIVE (Cont'd)

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

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

6. Information Related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	7.853	6.164
Reserve for employee termination benefits	-	1
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	228	424
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	44	33
Impairment on subsidiaries accounted for under equity method	-	-
Depreciation expenses of assets held for resale	171	226
Impairment expenses of assets held for sale	-	-
Other operating expenses	3.121	1.298
Rent expenses	1.150	10
Maintenance expenses	104	65
Advertisement expenses	159	106
Other expenses	1.708	1.117
Loss on sales of assets	3	-
Other	1.014	1.707
Total	12.434	9.853

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 Bank's current tax charge for the period is TRY 5.869 Thousand (March 31, 2007: TRY 5.696 Thousand). Deferred tax charge is TRY 3.787 Thousand (March 31, 2007: TRY 839 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 Taxes on Income (Cont'd):

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

Deferred tax charge calculated on temporary differences is TRY 3.787 Thousand (March 31, 2007: TRY 839 Thousand deferred tax benefit).

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

As of March 31, 2008 deferred tax charge calculated based on temporary differences is TRY 3.787 Thousand (31 Mart 2007: TRY 839 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 (March 31, 2007: None).

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

The profit of the Bank increased for the period ended March 31, 2008 by 31,64 % compared to the prior year.

9. Information on net profit/loss

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

The Bank has generated TRY 114.036 Thousand interest income, TRY 46.249 Thousand interest expenses and TRY 1.008 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

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements.

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.

SECTION FIVE (Cont'd)

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

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

V. Explanations on the Risk Group of the Bank

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

1.a Current Period

Risk Group of The Bank (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	46.778	168	2.349	24.347	59.730	225
Balance at end of period	50.353	168	2.676	24.347	65.251	225
Interest and commission income	445	-	37	6	253	-

(*) 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 Bank (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	9.964	168	3.918	24.347	72.743	225
Balance at end of period	46.778	168	2.349	24.347	59.730	225
Interest and commission income received (**)	183	-	-	6	44	-

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

(**) The data belongs to March 31, 2007.

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

The Bank is not authorized to accept deposits.

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

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to the Operations of the Bank

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

FITCH RATINGS

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

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

MOODY'S

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

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

2. Explanations about matters after Balance Sheet

In the meeting of the Board of Directors held on February 14, 2008; it has been resolved that, paid-in capital of the Bank will be increased from TRY 400.000 Thousand to TRY 500.000 Thousand by TRY 100.000 Thousand. In respect of the resolution of the General Assembly, TRY 84.000 Thousand of this increase will be transferred from the profit of the year 2007 and TRY 16.000 Thousand from share capital inflation restatement adjustment. The increase in the paid-in capital was approved by BRSA on April 11, 2008; however registration procedures have not been completed as of the date of this report.

In the Board of Directors meeting held on April 24, 2008; it has been resolved that the syndicated loan which was signed on April 25, 2007 and had a maturity of April 30, 2008 would be renewed on April 28, 2008 with an international consortium that covers seven banks (Dresdner Bank AG, American Express Bank Ltd., Bayerische Hypo-und Vereinsbank AG, Citibank N.A., Commerzbank Aktiengesellschaft, Natixis and The Bank of Nova Scotia) to extend its maturity for another year with a balance of USD 105 million.

SECTION SEVEN

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

I. Explanations for Independent Auditors' Limited Review Report

The financial statements and the notes to the financial statements as at March 31, 2008 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Member Firm of Deloitte Touche Tohmatsu").

The independent auditors' limited review report is presented at the beginning of the 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 Bank's operations.