

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**INDEPENDENT AUDITORS' REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE YEAR ENDED
DECEMBER 31, 2008**

*Translated into English from the
Original Turkish Report*

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

INDEPENDENT AUDITORS' REPORT FOR THE YEAR JANUARY 1, 2008 – DECEMBER 31, 2008

We have audited the accompanying balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. as at December 31, 2008 and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

The Board of Directors of the Bank is responsible for the preparation and fair presentation of these financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks' Accounting Practices And Maintaining of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Sınai ve Kalkınma Bankası A.Ş. as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

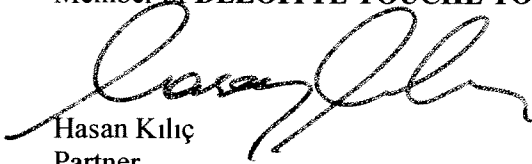


Additional Paragraph for English Translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU**



Hasan Kılıç
Partner

Istanbul, February 11, 2009

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

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The year-end 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 YEAR-END 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 REPORT

The accompanying 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.

February 11, 2009

**President of Board
of Directors**

İsmet Cahit KOCAÖMER

**CEO and Member of
Board of Directors**

Halil EROĞLU

**Executive Vice President
Responsible for Financial Reporting**

Ömer ERYILMAZ

**Head of Financial
Control Department**

Mustafa GÖKTAŞ

Member of Audit Committee

Kemal Serdar DİŞLİ

Member of Audit Committee

Murat BULGİC

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

Name-Surname / Title : Ayşe Nazlıca / Head of Budgeting and Planning Department

Telephone Number : (212) 334 51 94

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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 Assistant General Managers and Their Shares in the Bank

<u>Title (*)</u>	<u>Name and Surname</u>	<u>Academic Background</u>	<u>Task</u>	<u>Experience in Banking and Management Before Appointment</u>
President 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
	Mustafa Baran Tuncer (***)	Postgraduate		28 years
	Burhanettin Kantar (****)	Undergraduate		16 years
	Kemal Serdar Dışli (****)	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
	Remzi Altınok (*****)	Undergraduate		17 years
	Memduh Aslan Akçay	Postgraduate		17 years
Member of the Board of Directors and CEO	Halil Eroğlu	Undergraduate	CEO	24 years
Executive Vice Presidents	Şemseddin Arat	Postgraduate	Information Technology and Human Resources	23 years
	A.Orhan Beşkök	Postgraduate	Technical Services	19 years
	Şeniz Yarcın	Undergraduate	Treasury, Investment Banking and External Relation	16 years
	Burak Akgüç	Undergraduate	Corporate Marketing	14 years
	Ömer Eryılmaz	Undergraduate	Financial Control and Securities	20 years
	Çiğdem İçel	Undergraduate	Operations	17 years
	Ufuk Bala Yücel	Undergraduate	Loans	20 years
Statutory Auditors	Zeynep Hansu Uçar	Undergraduate	Auditor	13 years
	Mete Uluyurt (**)	Postgraduate	Auditor	12 years

Changes

<u>Title</u>	<u>Left during the period</u>	<u>Appointed during the period</u>
Statutory Auditor	Aziz Ferit Eraslan	Mete Uluyurt
Member of the Board of Directors	Ali Onur Özbilen	Mustafa Baran Tuncer
Member of the Board of Directors	Cem Demirağ	Remzi Altınok
Member of Audit Committee	Burhanettin Kantar	Kemal Serdar Dışli

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

(**) In the meeting of the Board of Directors 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, the member of Board of the Directors, resigned from his duty. In the meeting of the Board of Directors on April 30, 2008; Mustafa Baran Tuncer was appointed and declared as a member of the Board of Directors to start his duty until the next General Assembly according to the article 351 of the Turkish Commercial Code. Mustafa Baran Tuncer was appointed as a member of the Board of Directors on June 12, 2008.

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

(*****) On July 28, 2008, Cem Demirağ who was the member of the Board of Directors resigned from his duty. In the meeting of the Board of Directors on July 30, 2008; Remzi Altınok was appointed and declared as a member of the Board of Directors to start his duty until the next General Assembly. Remzi Altınok was appointed as a member of the Board of Directors on August 13, 2008.

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	250.489	50,10	250.489	-
T. Vakıflar Bankası T.A.O.	41.888	8,38	41.888	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	207.612	41,52	207.612	-
Physically Under Custody (Other Institutions and Individuals)	11	0,00	11	-
Total	500.000	100,00	500.000	-

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 specifically industrial sectors, to help domestic and foreign capital investors to finance the new firms and to help the development of Turkish capital markets. The Bank is succeeding its aim of developing private sector by giving, 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 December 31, 2008 and December 31, 2007

(In Thousand of New Turkish Lira)

ASSETS	Note Ref	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	573	2.305	2.878	216	3.151	3.367
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	24.842	2.300	27.142	67.569	14.061	81.630
2.1 Trading financial assets		6.087	-	6.087	50.164	-	50.164
2.1.1 Public sector debt securities		5.537	-	5.537	49.639	-	49.639
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Other marketable securities		550	-	550	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		18.755	2.300	21.055	17.405	14.061	31.466
III. BANKS	(3)	2.754	144.314	147.068	16.490	11.954	28.444
IV. MONEY MARKET PLACEMENTS		-	7.584	7.584	-	-	-
4.1 Interbank money market placements		-	7.584	7.584	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.324.705	430.240	1.754.945	1.345.832	322.121	1.667.953
5.1 Share certificates		15.379	2.957	18.336	15.784	2.957	18.741
5.2 Public sector debt securities		1.289.072	375.379	1.664.451	1.327.045	253.189	1.580.234
5.3 Other marketable securities		20.254	51.904	72.158	3.003	65.975	68.978
VI. LOANS	(5)	1.628.433	2.039.973	3.668.406	983.491	1.570.781	2.554.272
6.1 Loans		1.628.433	2.039.973	3.668.406	983.491	1.570.781	2.554.272
6.1.1 Loans to Risk Group of the Bank		128.739	65.712	194.451	44.160	64.697	108.857
6.1.2 Other		1.499.694	1.974.261	3.473.955	939.331	1.506.084	2.445.415
6.2 Non-performing loans		17.964	7.464	25.428	16.187	3.233	19.420
6.3 Specific provisions (-)		(17.964)	(7.464)	(25.428)	(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)	45.986	-	45.986	99.938	-	99.938
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		45.986	-	45.986	99.938	-	99.938
9.2.1 Financial investments		37.706	-	37.706	91.658	-	91.658
9.2.2 Non-financial investments		8.280	-	8.280	8.280	-	8.280
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	142.539	-	142.539	110.338	-	110.338
10.1 Unconsolidated financial subsidiaries		142.160	-	142.160	110.019	-	110.019
10.2 Unconsolidated non-financial subsidiaries		379	-	379	319	-	319
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	1.182	214.431	215.613	2.707	228.055	230.762
12.1 Finance lease receivables		1.320	238.711	240.031	3.203	267.492	270.695
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(138)	(24.280)	(24.418)	(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)	(12)	25.973	5	25.978	17.450	7	17.457
XV. INTANGIBLE ASSETS (Net)	(13)	437	-	437	323	-	323
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		437	-	437	323	-	323
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	15.713	-	15.713	27.703	-	27.703
17.1 Current tax asset		-	-	-	21.659	-	21.659
17.2 Deferred tax asset		15.713	-	15.713	6.044	-	6.044
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	10.510	-	10.510
18.1 Assets held for sale		-	-	-	10.510	-	10.510
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	1.928	152.640	154.568	4.094	46.678	50.772
TOTAL ASSETS		3.215.065	2.993.792	6.208.857	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 December 31, 2008 and December 31, 2007
(In Thousand of New Turkish Lira)

LIABILITIES	Note Ref.	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 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)	17.914	9.022	26.936	31.780	13.432	45.212
III. FUNDS BORROWED	(3)	74.884	4.361.049	4.435.933	53.177	3.062.833	3.115.210
IV. MONEY MARKET BALANCES		765.148	41.248	806.396	766.418	67.670	834.088
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 İstanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		-	-	-	-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)	(4)	765.148	41.248	806.396	766.418	67.670	834.088
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		11	-	11	72	-	72
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		11	-	11	72	-	72
VII. SUNDRY CREDITORS		19.766	10.159	29.925	14.693	5.960	20.653
VIII. OTHER LIABILITIES	(5)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(6)	-	-	-	47	295	342
10.1 Finance lease payables		-	3	3	51	304	355
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(3)	(3)	(4)	(9)	(13)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(8)	71.814	-	71.814	31.406	-	31.406
12.1 General loan loss provisions		32.598	-	32.598	19.396	-	19.396
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		2.610	-	2.610	2.754	-	2.754
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		36.606	-	36.606	9.256	-	9.256
XIII. TAX LIABILITY	(10)	17.156	-	17.156	36.258	-	36.258
13.1 Current tax liability		17.156	-	17.156	36.258	-	36.258
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(11)	-	-	-	-	2.252	2.252
14.1 Held for sale		-	-	-	-	2.252	2.252
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(9)	-	70.629	70.629	-	59.624	59.624
XVI. SHAREHOLDERS' EQUITY	(12)	780.116	(30.059)	750.057	738.495	(143)	738.352
16.1 Paid-in capital		500.000	-	500.000	400.000	-	400.000
16.2 Capital reserves		(6.380)	(30.059)	(36.439)	55.787	(143)	55.644
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(35.132)	(30.059)	(65.191)	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		374	-	374	16.374	-	16.374
16.3 Profit reserves		167.515	-	167.515	135.227	-	135.227
16.3.1 Legal reserves	(13)	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	(14)	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		118.981	-	118.981	147.481	-	147.481
16.4.1 Prior years' income/losses		-	-	-	-	-	-
16.4.2 Current year income/loss		118.981	-	118.981	147.481	-	147.481
16.5 Minority shares	(16)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		1.746.809	4.462.048	6.208.857	1.672.346	3.211.123	4.883.469

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

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

(In Thousand of New Turkish Lira)

	Note Ref.	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2008			December 31, 2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		862.134	1.795.935	2.658.069	3.715.454	4.258.483	7.973.937
I. GUARANTEES AND COLLATERALS	(1)	221.029	346.901	567.930	69.344	415.387	484.731
1.1. Letters of guarantee		221.021	78.428	299.449	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		221.021	78.428	299.449	69.336	147.718	217.054
1.2. Bank loans		-	439	439	-	77	77
1.2.1. Import letters of acceptance		-	439	439	-	77	77
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	260.512	260.512	-	176.439	176.439
1.3.1. Documentary letters of credit		-	260.512	260.512	-	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	7.522	7.530	8	91.153	91.161
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		382.682	412.923	795.605	200.503	377.856	578.359
2.1. Irrevocable commitments		22.958	46.284	69.242	10.494	159.827	170.321
2.1.1. Forward asset purchase and sales commitments		22.958	46.284	69.242	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		359.724	366.639	726.363	190.009	218.029	408.038
2.2.1. Revocable loan granting commitments		359.724	366.639	726.363	190.009	215.000	405.009
2.2.2. Other revocable commitments		-	-	-	-	3.029	3.029
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	258.423	1.036.111	1.294.534	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		258.423	1.036.111	1.294.534	3.445.607	3.465.240	6.910.847
3.2.1. Forward foreign currency buy/sell transactions		-	3.473	3.473	40.849	117.323	158.172
3.2.1.1. Forward foreign currency transactions-buy		-	1.708	1.708	40.672	40.360	81.032
3.2.1.2. Forward foreign currency transactions-sell		-	1.765	1.765	177	76.963	77.140
3.2.2. Swap transactions related to f.c. and interest rates		147.275	283.248	430.523	144.786	342.409	487.195
3.2.2.1. Foreign currency swaps-buy		65.990	150.360	216.350	27.203	211.543	238.746
3.2.2.2. Foreign currency swaps-sell		81.285	132.477	213.762	117.583	130.097	247.680
3.2.2.3. Interest rate swaps-buy		-	203	203	-	396	396
3.2.2.4. Interest rate swaps-sell		-	208	208	-	373	373
3.2.3. Foreign currency, interest rate and securities options		91.188	168.245	259.433	2.843.008	2.526.918	5.369.926
3.2.3.1. Foreign currency options-buy		65.094	26.902	91.996	1.419.300	1.210.825	2.630.125
3.2.3.2. Foreign currency options-sell		26.094	72.381	98.475	1.399.900	1.225.990	2.625.890
3.2.3.3. Interest rate options-buy		-	34.481	34.481	-	30.036	30.036
3.2.3.4. Interest rate options-sell		-	34.481	34.481	-	30.036	30.036
3.2.3.5. Securities options-buy		-	-	-	23.808	30.031	53.839
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	8.504	8.490	16.994
3.2.4.1. Foreign currency futures-buy		-	-	-	8.241	256	8.497
3.2.4.2. Foreign currency futures-sell		-	-	-	263	8.234	8.497
3.2.5. Interest rate futures		-	514.422	514.422	-	394.754	394.754
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	514.422	514.422	-	394.754	394.754
3.2.6. Other		19.960	66.723	86.683	408.460	75.346	483.806
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.027.944	9.572.876	11.600.820	2.007.391	4.991.244	6.998.635
IV. ITEMS HELD IN CUSTODY		1.718.786	84.100	1.802.886	1.824.900	115.253	1.940.153
4.1. Assets under management		15.152	4.404	19.556	6.800	4.557	11.357
4.2. Investment securities held in custody		353.128	79.696	431.324	364.593	110.696	475.289
4.3. Checks received for collection		40	-	40	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		453.021	-	453.021	451.704	-	453.704
4.8. Custodians		897.446	-	897.446	999.618	-	999.618
V. PLEDGED ITEMS		309.158	9.488.776	9.797.934	182.491	4.875.991	5.058.482
5.1. Marketable securities		16	514.285	514.301	1.554	294.119	295.673
5.2. Guarantee notes		85.155	1.924.996	2.010.151	25.829	1.372.667	1.398.496
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		121.304	3.559.660	3.680.964	97.240	1.906.684	2.003.924
5.6. Other pledged items		102.683	3.489.835	3.592.518	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)		2.890.078	11.368.811	14.258.889	5.722.845	9.249.727	14.972.572

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Unconsolidated Income Statements for the periods ended December 31, 2008 and December 31, 2007

(In Thousand of New Turkish Lira)

INCOME / (LOSS) ACCOUNTS	Note Ref	Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
		January 1 - December 31, 2008	January 1 - December 31, 2007
I. INTEREST INCOME	(1)	441.987	406.678
1.1 Interest on loans		177.434	168.075
1.2 Interest received from reserve deposits		652	1.129
1.3 Interest received from banks		5.462	9.563
1.4 Interest received from money market placements		91	258
1.5 Interest received from marketable securities portfolio		241.277	207.030
1.5.1 Held-for-trading financial assets		658	2.977
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		240.619	204.053
1.5.4 Investments held-to-maturity		-	-
1.6 Finance lease income		16.278	17.163
1.7 Other interest income		793	3.460
II. INTEREST EXPENSES	(2)	(198.426)	(269.696)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(94.528)	(150.216)
2.3 Interest on money market borrowings		(103.777)	(119.340)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(121)	(140)
III. NET INTEREST INCOME (I - II)		243.561	136.982
IV. NET FEES AND COMMISSIONS INCOME		3.842	4.795
4.1 Fees and commissions received		5.187	6.040
4.1.1 Non-cash loans		2.197	2.174
4.1.2 Other		2.990	3.866
4.2 Fees and commissions paid		(1.345)	(1.245)
4.2.2 Non-cash loans		(2)	(2)
4.2.3 Other		(1.343)	(1.243)
V. DIVIDEND INCOME	(3)	23.899	19.952
VI. NET TRADING INCOME	(4)	(27.634)	4.087
6.1 Securities trading gains/ (losses)		(20.898)	22.876
6.2 Foreign exchange gains/losses (net)		(6.736)	(18.789)
VII. OTHER OPERATING INCOME	(5)	10.188	62.271
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		253.856	228.087
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(53.905)	(14.372)
X. OTHER OPERATING EXPENSES (-)	(7)	(51.910)	(43.093)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		148.041	170.622
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)	(8)	148.041	170.622
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(29.060)	(23.141)
16.1 Provision for current income taxes		(31.019)	(31.689)
16.2 Provision for deferred taxes		1.959	10.548
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	118.981	147.481
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)	(11)	118.981	147.481
23.1 Group's profit/loss		100.821	82.773
23.2 Minority shares		-	-
Earnings/(losses) per share		0,238	0,295

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

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

PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY	Audited	Audited
	CURRENT PERIOD	PRIOR PERIOD
	January 1-December 31, 2008	January 1-December 31, 2007
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES		
FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(39.128)	11.001
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	(66.947)	(14.610)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	5.557	(2.104)
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(100.518)	(5.713)
XI. CURRENT YEAR PROFIT/LOSS	(3.943)	12.275
1.1 Net changes in fair value of securities (Recycled to Profit/Loss)	(3.943)	12.275
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)	(104.461)	6.562

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.																				
Unconsolidated Statement of Shareholders' Equity for the period ended December 31, 2008																				
(in Thousand of New Turkish Lira)																				
1	CHANGES IN SHAREHOLDER'S EQUITY	Note Ref.	Paid in Capital	Inflation on Paid in Capital	Share Premiums	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income / (Loss)	Marketable securities value increase fund	Tangible and Intangible assets revaluation differences	Bonus shares obtained from associates, subh. and jointly controlled entities	Hedging funds	Ass. val. assets held for sale and from disc. up.	Total Equity Attributable to Parent	Minority Shares	Total Shareholders' Equity
	Audited																			
	CURRENT PERIOD																			
I.	Opening Balance (01.01.2008)		400.000	16.374	-	-	28.526	14.861	88.920	2.920	-	147.481	39.270	-	-	-	-	738.352	-	738.352
	Changes during the period																			
II.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging funds (Effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V1.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	(28.378)	-	28.378	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in equities of associates on bank's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		100.000	(16.000)	-	-	-	-	-	-	-	-	(84.000)	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance		100.000	(16.000)	-	-	-	-	-	-	-	-	(84.000)	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	The effect of inflation on paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Period net income		-	-	-	-	-	-	-	-	118.981	-	-	-	-	-	-	-	-	-
XVIII.	Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118.981	-	118.981
18.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	(35.103)	-	-	-	-	(2.815)	-	(2.815)
18.3	Other		-	-	-	-	-	-	-	-	-	-	(2.815)	-	-	-	-	(2.815)	-	(2.815)
			-	-	-	-	-	-	-	-	-	-	(32.288)	-	-	-	-	-	-	-
	Closing Balance (31.12.2008)		500.000	374	-	-	42.581	22.235	99.779	2.920	118.981	-	(65.191)	28.378	-	-	-	750.057	-	750.057

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.																			
Unconsolidated Statement of Shareholders' Equity for the period ended December 31, 2007																			
(In Thousand of New Turkish Lira)																			
CHANGES IN SHAREHOLDER'S EQUITY																			
	Note Ref.	Paid in Capital	Inflation on Paid in Capital	Share Premiums	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Period Net Income / (Loss)	Marketable securities value increase fund	Tangible and intangible assets revaluation differences	Bonus shares obtained from associates, subsi. and jointly controlled entities	Hedging funds	from assets held for sale and disc. op.	Total Equity Attributable to Parent	Minority Shares	Total Shareholders' Equity
Audited																			
PRIOR PERIOD																			
(01/01 - 31/12/2007)																			
I.		340.000	66.374	-	-	19.433	9.541	39.721	2.920	106.402	9.934	32.708	-	1.485	-	-	588.518	-	588.518
Changes during the period																			
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.		-	-	-	-	-	-	-	-	-	-	6.562	-	-	-	-	6.562	-	6.562
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		100.000	(50.000)	-	-	-	-	-	-	-	(50.000)	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	(50.000)	-	-	-	-	-	-	-	-
XIII.		100.000	(50.000)	-	-	-	-	-	-	-	(50.000)	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	-	147.481	-	-	-	-	-	-	-	-	-
18.1		-	-	-	-	9.093	5.320	49.199	-	(106.402)	40.066	-	-	(1.485)	-	-	145.996	-	145.996
18.2		-	-	-	-	-	-	-	-	(2.724)	-	-	-	-	-	-	(2.724)	-	(2.724)
18.3		-	-	-	-	9.093	5.320	49.199	-	(103.676)	40.066	-	-	-	-	-	(2.724)	-	(2.724)
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)																			
		400.000	16.374	-	-	28.526	14.861	88.920	2.920	147.481	-	39.270	-	-	-	-	738.352	-	738.352

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Unconsolidated Statement of Cash Flows for the periods ended December 31, 2008 and December 31, 2007
(In Thousand of New Turkish Lira)

STATEMENT OF CASH FLOWS	Note Ref	Audited CURRENT PERIOD	Audited PRIOR PERIOD
		January 1 - December 31, 2008	January 1 - December 31, 2007
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating profit before changes in operating assets and liabilities		65.925	92.515
I.1.1 Interest received		419.899	418.845
I.1.2 Interest paid		(267.115)	(253.811)
I.1.3 Dividends received		2.762	2.071
I.1.4 Fees and commissions received		5.187	6.040
I.1.5 Other income		1.915	24.365
I.1.6 Collections from previously written off loans		3.992	(2.905)
I.1.7 Payments to personnel and service suppliers		(46.063)	(35.146)
I.1.8 Taxes paid		(30.759)	(26.881)
I.1.9 Others	(1)	(23.893)	(40.063)
I.2 Changes in operating assets and liabilities		167.978	301.352
I.2.1 Net (increase) decrease in financial assets		42.806	(25.504)
I.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
I.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
I.2.4 Net (increase) decrease in loans		(1.139.221)	(272.908)
I.2.5 Net (increase) decrease in other assets		(83.015)	(15.202)
I.2.6 Net increase (decrease) in bank deposits		-	-
I.2.7 Net increase (decrease) in other deposits		-	-
I.2.8 Net increase (decrease) in funds borrowed		1.372.664	577.318
I.2.9 Net increase (decrease) in matured payables		-	-
I.2.10 Net increase (decrease) in other liabilities	(1)	(25.256)	37.648
I. Net cash provided from banking operations		233.903	393.867
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(98.298)	(477.512)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		(24.060)	(76.747)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	7.046
2.3 Fixed assets purchases		(2.525)	(2.429)
2.4 Fixed assets sales		1.526	60.048
2.5 Cash paid for purchase of financial assets available for sale		(78.189)	(465.430)
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)	4.950	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(3.157)	22.559
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		(342)	(538)
3.6 Other	(1)	-	25.821
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	(6.736)	(18.789)
V. Net increase / (decrease) in cash and cash equivalents		125.712	(79.875)
VI. Cash and cash equivalents at beginning of the period		31.807	111.682
VII. Cash and cash equivalents at end of the period		157.519	31.807

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
Profit Distribution Table for the periods ended December 31, 2008 and December 31, 2007
(In Thousand of New Turkish Lira)

	Audited	
	CURRENT PERIOD	PRIOR PERIOD
	January 1-December 31, 2008	January 1-December 31, 2007
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	148.041	170.622
1.2 TAXES AND DUTIES PAYABLE (-)	(29.060)	(23.141)
1.2.1 Corporate tax (Income tax)	(29.060)	(23.141)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	118.981	147.481
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	(7.374)
1.5 OTHER STATUTORY RESERVES (-)	-	(7.374)
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	118.981	132.733
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(24.000)
1.6.1 To owners of ordinary shares	-	(24.000)
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	(2.413)
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	(402)
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	(60.000)
1.9.1 To owners of ordinary shares	-	(60.000)
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	(6.681)
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	(10.859)
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDEND TO PERSONNEL (-)	-	-
2.5 DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	147.481
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	29,50
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	84.000
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	16,80
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

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.

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.

I.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, Turkish Financials Reporting Standards and BRSA. These accounting policies and valuation principles are explained in the below notes through II to XXII.

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 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 indebtedness 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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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.

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 considered as in disallowable expenses or exempt income according to the current tax legislation.

The Bank has no derivative instruments used for hedging purposes.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 integral parts of the effective interest rate of the funds borrowed, are recorded as expense on the date of the payment. All other income and expenses, fee and commission income and expenses, including commissions received from non-cash loans are recorded on an accrual basis.

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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

Cash, Banks, and Other Financial Institutions:

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

Marketable Securities:

The 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.

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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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.

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 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 value of a 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.

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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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 subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated over their expected useful lives. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis over 5 years.

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 Turkish Accounting Standards.

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 the Insurance Law and provisions of "Regulations on Actuaries" issued based on the related law 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 annulled 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, SDIF, banks and banks' pension fund institutions and technical interest rate, used in actuarial account, would be 9,80 %. 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 and the transfers are completed within 3 years beginning from January 1, 2008.

The Main Opposition Party has appealed to the Higher Court on June 19, 2008 for cancellation of some articles, including the first paragraph of 20. temporary article of the Law, and requested them to be ineffective until the case of revocatory action is finalized. As of the date of the publication of these financial statements, there is no decision announced by the Higher Court regarding the revocatory action.

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.

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of December 31, 2008 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per February 8, 2009 dated actuarial report, the liabilities, subject to the transfer to the Social Security Institution, are financed by the assets of the Pension Fund.

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 on 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 Procedural Law numbered 213 which was changed by the Law No: 5024.

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

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.

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XVIII. Explanations on Share Certificates

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

In the prior period, in respect of the resolution of the General Assembly, the Bank has increased its capital from TRY 300.000 Thousand to TRY 400.000 Thousand. TRY 50.000 Thousand of this increase has been incorporated from the profit of the year 2006 and TRY 50.000 Thousand from the 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 does not 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 management and all types of corporate finance services are provided.

SECTION THREE (Cont'd)**ACCOUNTING POLICIES (Cont'd)****XXI. Explanations on Segment Reporting (Cont'd)**

The segmental allocation of the Bank's net profit as of December 31, 2008 and December 31, 2007 are shown below.

Current Period	Corporate	Investment Banking	Other	Total
Net Interest Income	112.215	131.346	-	243.561
Net Commission and Fees Income	2.508	1.742	(408)	3.842
Other Income	5.336	-	28.751	34.087
Other Expense	(37.537)	(51.949)	(43.963)	(133.449)
Profit Before Tax	82.522	81.139	(15.620)	148.041
Tax Provision				(29.060)
Net Profit				118.981

Prior Period	Corporate	Investment Banking	Other	Total
Net Interest Income	56.564	80.418	-	136.982
Net Commission and Fees Income	2.608	2.213	(26)	4.795
Other Income	14.733	4.087	67.490	86.310
Other Expense	(27.003)	(14.788)	(15.674)	(57.465)
Profit Before Tax	46.902	71.930	51.790	170.622
Tax Provision				(23.141)
Net Profit				147.481

XXII. Explanations on Other Matters

In accordance with Law No: 5083 "Monetary Unit of the Turkish Republic" (Law No: 5083), the name of the Turkish Republic's monetary unit and its sub-currency unit is changed to the New Turkish Lira and the New Turkish Cent, respectively. However, in accordance with the additional resolution of the Council of Ministers in regards to the order on the removal of the phrase "New" in the New Turkish Lira and the New Turkish Cent and Its Application Principles, the phrase "New" used in the Turkish Republic's monetary unit is removed both from New Turkish Lira and the New Turkish Cent as of January 1, 2009.

Explanation for convenience translation to English

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the financial statements.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The capital adequacy ratio is 21,11 % as at December 31, 2008 (December 31, 2007: 27,44 %). 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)	81.509	-	767.679	764.109	2.824.466	-	-
Cash	258	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	2.620	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	147.068	-	-	-	-
Interbank Money Market Placements	7.584	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	40.735	-	-	-	-	-	-
Loans	6.836	-	565.928	729.557	2.366.085	-	-
Non-performing loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables	109	-	51.726	34.552	129.226	-	-
Available-For-Sale Financial Assets	-	-	2.957	-	12.981	-	-
Held to Maturity Investments	-	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	107.506	-	-
Interest and Income Accruals (*)	-	-	-	-	-	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	7.597	-	-	-	180.928	-	-
Tangible Assets	-	-	-	-	24.838	-	-
Other Assets	15.770	-	-	-	2.902	-	-
Off-Balance Sheet Items	797.605	-	106.435	10.219	118.702	-	-
Guarantees and Commitments	797.605	-	78.874	10.219	118.702	-	-
Derivative Financial Instruments	-	-	27.561	-	-	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	879.114	-	874.114	774.328	2.943.168	-	-

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

(**) Capital investment, not to be subject to market risk, is included in credit risk table.

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	3.505.155	2.474.475
Amount Subject to Market Risk (ASMR)	374.888	177.775
Amount Subject to Operational Risk (ASOR)	280.666	253.441
Shareholders' Equity	878.510	797.430
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	21,11	27,44

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:

	31.12.2008	31.12.2007
CORE CAPITAL		
Paid-in capital	500.000	400.000
Nominal capital	500.000	400.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	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	118.981	147.481
Current period profit	118.981	147.481
Prior years' profits	-	-
Provisions for possible losses up to 25 % of core capital	25.000	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 (-)	(3.368)	(2.765)
Intangible assets (-)	(437)	(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	836.443	702.802

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):

	31.12.2008	31.12.2007
SUPPLEMENTARY CAPITAL		
General Loan Loss Provisions	32.598	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	75.800	58.200
Marketable securities value increase fund	(65.191)	17.593
Associates and subsidiaries	(36.196)	13.838
Available for sale securities	(28.995)	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	43.207	95.189
TIER III CAPITAL	-	-
CAPITAL	879.650	797.991
DEDUCTIONS FROM THE CAPITAL	(1.140)	(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	(1.140)	(561)
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	878.510	797.430

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Credit Risk:

The sectoral breakdown of loans is documented monthly and limitations are made according to evaluations. There is no limitation applied geographically.

Monitoring and checking is made for the treasury operations. Risk limits are identified for the operations implemented.

The credit monitoring department screens the creditworthiness of loan customers once every six months regularly. The debtors' creditworthiness is screened regularly in line with Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Their financial statements are obtained as prescribed in the legislation. The credit limits have been set by the Board of Directors, the Banks credit committee and the credit management. The Bank takes enough collateral for the loans and other receivables extended. The collaterals obtained consist of personal suretyship, mortgage, cash blockage and client checks.

The limits are also identified for the transactions made with the banks. The credit risk is managed by considering the creditworthiness and the limits of counter parties.

There are control limits over the positions on forwards, options and similar other agreements. Those limits are controlled by the management on a regular basis. The credit risk is managed together with the potential risks arising from the fluctuations in the market. Credit risk, market risk, liquidity risk and other risks are managed as a whole.

If exposed to a significant degree of credit risk, the Bank reduces the total risk by using, exercising or selling forward transactions and other similar contracts.

The compensated non-cash loans are evaluated at the same risk weight as the non-performing loans.

Rescheduled loans are monitored within the Bank's internal rating application, as well as the monitoring applications required by the related regulations. All precautions are taken in order to classify the companies' risks and their current rating may change within this internal rating applications. The Bank monitors and investigates the maturity concentration and the risks which are different than their normal pattern.

The international operations are made with many correspondent banks in various countries. The counter party limits are set with operations made with the banks.

The Bank being an active participant in international banking market is not exposed to a significant credit risk when evaluated with the financial operations of other financial institutions.

The first 100 largest cash loans constitute 88,81 % of the total cash loans portfolio of the Bank (December 31, 2007: 86,27 %).

The first 100 largest non cash loans constitute 100 % of the total non cash loans portfolio of the Bank (December 31, 2007: 100 %).

The first 100 largest cash and non cash loans constitute 87,49 % of the total on and off balance sheet accounts (December 31, 2007: 86,13 %).

The Bank calculated the general loan loss provision of TRY 32.598 Thousand in accordance with the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" (December 31, 2007: TRY 19.396 Thousand).

SECTION FOUR (Cont'd)

INFORMATION-ON FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Credit Risk:

Credit risk by types of borrowers and geographical concentration:

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities		Other Loans (*)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers								
Private Sector	2.668.111	1.785.686	617.417	421.762	72.708	69.582	215.613	230.762
Public Sector	-	-	-	-	1.669.988	1.629.794	-	-
Banks	-	-	380.508	344.505	-	-	147.068	28.444
Retail Customers	2.370	2.319	-	-	-	-	-	-
Share Certificates	-	-	-	-	18.336	18.741	-	-
Total	2.670.481	1.788.005	997.925	766.267	1.761.032	1.718.117	362.681	259.206
Information according to geographical concentration								
Domestic	2.670.329	1.787.886	993.015	758.103	1.706.171	1.649.037	219.281	248.637
European Union Countries	152	-	-	-	29.494	47.192	140.192	5.649
OECD Countries (**)	-	-	-	-	-	-	1.547	73
Off-Shore Banking Regions	-	-	-	-	-	-	100	654
USA, Canada	-	-	-	-	25.367	21.888	1.561	4.193
Other Countries	-	119	4.910	8.164	-	-	-	-
Total	2.670.481	1.788.005	997.925	766.267	1.761.032	1.718.117	362.681	259.206

(*) Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

(**) EU countries, OECD countries except USA and Canada.

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments (**)	Net Income
Current Period					
Domestic	5.801.698	1.667.391	567.930	203.904	109.813
European Union Countries	166.813	2.649.647	-	2.957	-
OECD Countries (*)	1.547	80.107	-	-	-
Off-Shore Banking Regions	5.010	212.200	-	-	9.168
USA, Canada	26.928	1.480.529	-	-	-
Other Countries	-	2	-	-	-
Total	6.001.996	6.089.876	567.930	206.861	118.981
Prior Period					
Domestic	4.569.523	1.898.365	373.474	226.060	163.691
European Union Countries	53.780	2.020.423	-	2.957	-
OECD Countries (*)	654	94.991	-	-	-
Off-shore Banking Regions	1.370	5.450	111.257	-	(16.210)
USA, Canada	26.215	864.186	-	-	-
Other Countries	2.910	54	-	-	-
Total	4.654.452	4.883.469	484.731	229.017	147.481

(*) EU countries, OECD countries except USA and Canada.

(**) Since investment balances are included in the "Equity investments" column, they are not shown in the "assets" column.

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Credit Risk (Cont'd)

Sector concentration for cash loans

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	26.559	2	1.214	-	11.795	1	4.152	-
Farming and Raising Livestock	26.559	2	1.214	-	11.795	1	4.152	-
Forestry, Wood and Paper	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	707.332	43	1.077.333	53	371.825	38	779.710	50
Mining and Petroleum	5.966	-	-	-	1.575	-	-	-
Production	357.855	22	623.175	31	193.754	20	528.932	34
Electricity, Gas and Water	343.511	21	454.158	22	176.496	18	250.778	16
Construction	8.601	1	182.099	9	-	-	84.922	5
Services	878.000	54	747.899	37	589.278	60	682.986	44
Wholesale and Retail Trade	7.264	-	33.863	2	8.867	1	56.003	4
Hotel, Tourism, Food and Beverage Services	63.922	4	83.039	4	63.520	6	67.310	5
Transportation and Communication	49.814	3	163.217	8	34.880	4	148.281	9
Financial Institutions	705.287	44	382.192	19	437.127	44	375.773	24
Real Estate and Renting Services	851	-	60.591	3	1.602	-	12.574	1
Self-Employment Services	20.204	1	-	-	18.098	2	-	-
Education Services	30.658	2	5.606	-	25.184	3	2.378	-
Health and Social Services	-	-	19.391	1	-	-	20.667	1
Other	7.941	-	31.428	1	10.593	1	19.011	1
Total	1.628.433	100	2.039.973	100	983.491	100	1.570.781	100

The table below shows the maximum exposure to credit risk for the components of the balance sheet;

Gross Maximum Exposure	Current Period	Prior Period
Cash, Banks	149.946	31.811
Financial Assets at Fair Value Through Profit and Loss	27.142	81.630
Money Market Placements	7.584	-
Loans, Lease Receivables	3.884.019	2.785.034
Financial Assets Available for Sale	1.754.945	1.667.953
Total	5.823.636	4.566.428
Derivatives Financials Instruments	27.561	89.823
Contingent Liabilities	-	-
Non Cash Loans and Commitments	209.795	234.972
Total	237.356	324.795
Total Credit Risk Exposure	6.060.992	4.891.223

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Credit Risk (Cont'd)

Credit quality in per class of financial assets as of December 31, 2008 is as follows;

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	3.666.580	1.826	3.668.406
Corporate Loans	2.667.738	1.482	2.669.220
Loans to SME	998.617	344	998.961
Consumer Loans	225	-	225
Receivables from Leasing Transactions	215.422	191	215.613
Total	3.882.002	2.017	3.884.019

Credit quality in per class of financial assets as of December 31, 2007 is as follows;

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	2.554.185	87	2.554.272
Corporate Loans	1.976.058	87	1.976.145
Loans to SME	577.953	-	577.953
Consumer Loans	174	-	174
Receivables from Leasing Transactions	230.713	49	230.762
Total	2.784.898	136	2.785.034

Credit risk is evaluated according to the Bank's internal rating. In 2008, Bank initiated a new internal rating model. The loans rated according to the possibility of being in default are classified from the highest grade (top grade) to the lowest (below average) as below; at the bottom of the table there are credits in default (impaired) according to new rating model.

Basic Loan Quality Categories	Current Period
Top Grade	89.196
High Grade	2.170.001
Average Grade	1.678.925
Below Average Grade	505.063
Impaired	20.087
Total	4.463.272

Category "top" shows that the debtor has a very strong financial structure, "high" shows that the debtor has a strong financial structure "average" shows the debtor's financial structure is good enough while "below average" category shows that debtor's financial structure is under risk in the short and medium term.

As of balance sheet date, the total of the Bank's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TRY 4.477.377 Thousand; and TRY 14.105 Thousand of these customers have not been rated.

Prior period figures have not been presented since the prior period credit quality categories were based on the old methodology, hence not comparable with the current period.

SECTION FOUR (Cont'd)**INFORMATION ON FINANCIAL STRUCTURE (Cont'd)****II. Explanations Related to Credit Risk (Cont'd)**

Carrying amount per class of financial assets whose terms have been renegotiated

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	5.813	9.699
Corporate Loans	5.813	2.891
Loans to SME	-	6.808
Consumer Loans	-	-
Other	-	-
Total	5.813	9.699

III. 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.

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Market Risk (Cont'd)

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	25.729
Resulting From Financial Instruments related to Interest Income	25.274
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	455
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	2.506
Resulting From Financial Instruments related to Interest Income	2.051
Resulting From Positions in Share Certificates, Investment Fund and Participation Certificates	455
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	1.756
Capital Requirement	1.756
Capital Requirement Calculated for Options Subject to Foreign Currency Risk	-
(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+VII)	29.991
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	374.888

b) Average market risk table as of the month ends during the period is as follows:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	344.054	407.225	287.250	77.318	173.688	36.163
Common Stock Risk	15.362	31.025	10.850	37.227	79.688	2.100
Currency Risk	33.151	75.113	20.488	72.970	123.700	17.025
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	1	13	-
Option Risk	478	2.113	-	31.101	203.275	438
Total Value At Risk	393.045	515.476	318.588	218.617	580.364	55.726

Risk information given above includes the period between January – December of the related years, and represents the amounts calculated under the Regulation on “Measuring and Evaluating the Capital Adequacy of the Banks” published on November 1, 2006.

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

III. Explanations Related to Market Risk: (Cont'd)

Other price risks

The Bank is exposed to equity price risks arising from equity investments. Equity investments are held for trading purposes. The Bank does not actively trade these investments.

Equity Price Sensitivity

The sensitivity analyses below have been determined based on the exposure to stock price risks at the reporting date.

If the inputs (equity prices) to the valuation model had been 20 % higher/lower while all other variables were held constant:

- Net profit would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired,
- Marketable securities value increase fund under the shareholders' equity would decrease/increase by TRY 480 Thousand (2007: decrease/increase by TRY 561 Thousand). This is the result of the changes in fair value of the equity shares included in the available-for-sale portfolio.

When calculating the equity price sensitivity of the available for sale portfolio, the Bank's subsidiaries in the portfolio have been excluded as they are not quoted in stock exchange.

IV. 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.

SECTION FOUR (Cont'd)**INFORMATION ON FINANCIAL STRUCTURE (Cont'd)****V. 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 hedging transactions through derivative instruments for its foreign currency borrowings and net foreign currency investments.

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"			
December 31, 2008	1,5160	2,1345	0,016800
Prior Five Workdays:			
December 30, 2008	1,5150	2,1222	0,016772
December 29, 2008	1,5000	2,1278	0,016580
December 26, 2008	1,5120	2,1274	0,016727
December 25, 2008	1,5150	2,1227	0,016781
December 24, 2008	1,5150	2,1168	0,016776

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Bank before the balance sheet date are TRY 1,53613, TRY 2,07370 and TRY 0,016894; respectively.

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

V. 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.	2.236	65	-	4	2.305
Banks	139.614	2.546	691	1.463	144.314
Financial Assets at Fair Value Through Profit and Loss	1.045	1.255	-	-	2.300
Money Market Placements	-	7.584	-	-	7.584
Available-For-Sale Financial Assets	68.803	361.437	-	-	430.240
Loans (*)	1.847.385	1.711.353	51.338	-	3.610.076
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	5	5
Intangible Assets	-	-	-	-	-
Other Assets (**)	212.413	145.864	6.569	36	364.882
Total Assets	2.271.496	2.230.104	58.598	1.508	4.561.706
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	5.965	35.283	-	-	41.248
Funds Provided From Other Financial Institutions	2.267.133	2.082.061	80.510	1.974	4.431.678
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.105	7.750	-	304	10.159
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	1.043	7.953	26	-	9.022
Total Liabilities	2.276.246	2.133.047	80.536	2.278	4.492.107
Net Balance Sheet Position	(4.750)	97.057	(21.938)	(770)	69.599
Net Off-Balance Sheet Position	29.682	(88.623)	21.878	1.708	(35.355)
Financial Derivative Assets	74.701	100.179	21.878	1.708	198.466
Financial Derivative Liabilities	(45.019)	(188.802)	-	-	(233.821)
Non-Cash Loans (****)	141.772	174.453	-	30.676	346.901
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 1.570.103 Thousand foreign currency indexed loans.

(**) TRY 2.189 Thousand prepaid expenses have not been included to other assets.

(***) TRY (30.059) Thousand marketable securities valuation differences have not been presented in others liabilities.

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

SECTION FOUR (Cont'd)**INFORMATION ON FINANCIAL STRUCTURE (Cont'd)****V. Explanations Related to Currency Risk (Cont'd)**

The Bank is mostly exposed to EURO, US Dollar and JPY currency risks.

The following table details the Bank's sensitivity to a 10 % increase and decrease in the TRY against, US Dollar, Euro and JPY.

	Change in Currency Rate (%)	Effect on Profit / Loss		Effect on Equity	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	843	(5.579)	(2.390)	193
EURO	10	2.493	716	(616)	(208)
JPY	10	(6)	(2.268)	-	-
Other	10	94	37	-	-

	Change in Currency Rate (%)	Effect on Profit / Loss		Effect on Equity	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	(843)	5.579	2.390	(193)
EURO	10	(2.493)	(716)	616	208
JPY	10	6	2.268	-	-
Other	10	(94)	(37)	-	-

Forward foreign exchange contracts

Bank does not have forward foreign exchange contracts to hedge the risk exposure from payments and collections in any foreign exchange.

VI. 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 funding from abroad.

The fluctuations in interest rates are controlled with interest rate risk tables, gap analysis, scenario analysis and stress tests, its effect in assets and liabilities and the probable changes in cash flows are being screened. The 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.

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

VI. 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.	-	-	-	-	-	2.878	2.878
Banks	118.406	-	-	-	-	28.662	147.068
Financial Assets at Fair Value Through Profit and Loss	983	2.903	8.501	14.205	-	550	27.142
Money Market Placements	7.584	-	-	-	-	-	7.584
Available-For-Sale Financial Assets	4.819	502.186	633.326	320.776	272.759	21.079	1.754.945
Loans	1.368.925	1.296.140	803.365	166.237	33.739	-	3.668.406
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	11.629	107.818	69.667	18.553	7.945	385.222	600.834
Total Assets	1.512.346	1.909.047	1.514.859	519.771	314.443	438.391	6.208.857
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	804.422	1.324	650	-	-	-	806.396
Sundry Creditors	-	-	-	-	-	29.925	29.925
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1.435.852	1.853.760	1.071.937	106.161	38.863	-	4.506.573
Other Liabilities	7.368	4.775	10.354	4.440	-	839.026	865.963
Total Liabilities	2.247.642	1.859.859	1.082.941	110.601	38.863	868.951	6.208.857
Balance Sheet Long Position	-	49.188	431.918	409.170	275.580	-	1.165.856
Balance Sheet Short Position	(735.296)	-	-	-	-	(430.560)	1.165.856
Off-Balance Sheet Long Position	-	14	-	9.635	-	-	9.649
Off-Balance Sheet Short Position	(6.090)	-	(519.131)	-	-	-	(525.221)
Total Position	(741.386)	49.202	(87.213)	418.805	275.580	(430.560)	(515.572)

(*) 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)

VI. 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	1,18	-	-	-
Banks	1,89	-	-	15,00
Financial assets at fair value through profit and loss	-	-	-	12,24
Money Market Placements	-	2,00	-	-
Available-For-Sale Financial Assets	5,29	7,13	-	18,32
Loans	6,78	5,27	4,88	20,05
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,86	1,38	-	15,33
Sundry creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,44	3,47	1,96	16,00

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

VI. 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)

VI. 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

Interest rate sensitivity

As of the balance sheet date, if interest rates had been 15 % higher/lower for TRY and 10 % for foreign currency interest rates for floating rate assets and liabilities of the Bank and all other variables were held constant, the net profit of the Bank would increase/decrease by TRY 28.267 Thousand (As of December 31, 2007 there would be TRY 32.233 Thousand increase/decrease).

In the current period, the Bank's TRY floating rate financial assets have increased significantly compared to the prior period.

The nominal and market value of the Bank's current period's portfolio available for sale is 5 % and 5 % higher, respectively, than those in the previous period. In addition to this, foreign exchange assets in the Bank's portfolio are 24 % of the portfolio in the current period while this ratio was 19 % in the prior period in terms of fair value. This shows that the Bank is more sensitive to changes in TRY interest rates.

SECTION FOUR (Cont'd)**INFORMATION ON FINANCIAL STRUCTURE (Cont'd)****VII. 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.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. For the purposes of monitoring and assessing the liquidity position of the Bank's assets and liabilities, the liquidity rate is calculated weekly from March 2007 and onwards. The ratio during the year was as follows;

	December 31, 2008 %	December 31, 2007 %
Average during the period	152,16	141,19
Maximum	186,81	151,46
Minimum	124,14	132,10

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

VII. 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	2.878	-	-	-	-	-	-	2.878
Banks	28.664	118.404	-	-	-	-	-	147.068
Financial Assets at Fair Value Through Profit and Loss	550	983	2.903	8.501	14.205	-	-	27.142
Money Market Placements	-	7.584	-	-	-	-	-	7.584
Financial Assets Available-For-Sale	2.742	55	10.364	462.283	715.099	546.065	18.337	1.754.945
Loans	-	144.919	127.662	561.621	2.217.250	616.954	-	3.668.406
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	2.911	17.501	58.306	124.915	11.979	385.222	600.834
Total Assets	34.834	274.856	158.430	1.090.711	3.071.469	1.174.998	403.559	6.208.857
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	255.583	96.988	581.573	1.434.205	2.138.224	-	4.506.573
Money Market Borrowings	-	804.422	1.324	650	-	-	-	806.396
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	-	29.925	29.925
Other Liabilities	-	7.368	4.775	10.354	4.440	-	839.026	865.963
Total Liabilities	-	1.067.373	103.087	592.577	1.438.645	2.138.224	868.951	6.208.857
Liquidity Gap	34.834	(792.517)	55.343	498.134	1.632.824	(963.226)	(465.392)	-
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 FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

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

Analysis of financial liabilities by remaining contractual maturities;

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Funds Provided from Other Financial Institutions	279.196	126.980	698.715	1.417.784	2.960.284	(976.386)	4.506.573
Money Market Takings	806.086	1.332	654	-	-	(1.676)	806.396
Total	1.085.282	128.312	699.369	1.417.784	2.960.984	(978.062)	5.312.969

Prior Period							
Liabilities							
Funds Provided from Other Financial Institutions	78.882	85.272	747.618	1.485.492	1.630.556	(852.914)	3.174.906
Money Market Takings	818.110	17.454	-	-	-	(1.476)	834.088
Total	896.992	102.726	747.618	1.485.492	1.630.556	(854.390)	4.008.994

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments;

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Gross Settled	-	-	-	-	-	-	-
Swap Contract	111.612	57.211	166.931	135.409	-	(40.640)	430.523
Forward Contract	3.473	-	-	-	-	-	3.473
Futures Transactions	-	514.422	-	-	-	-	514.422
Options	91.695	15.488	83.286	-	68.964	-	259.433
Other	-	43.983	-	42.700	-	-	86.683
Total	206.780	631.104	250.217	178.109	68.964	(40.640)	1.294.534
Prior Period							
Gross Settled	-	-	-	-	-	-	-
Swap Contract	215.231	4.151	82.297	252.094	-	(66.578)	487.195
Forward Contract	60.279	13.431	47.042	37.420	-	-	158.172
Futures Transactions	16.475	519	-	394.754	-	-	411.748
Options	1.490.131	1.262.180	2.557.544	-	60.071	-	5.369.926
Other	52.066	252.300	136.200	37.420	5.820	-	483.806
Total	1.834.182	1.532.581	2.823.083	721.688	65.891	(66.578)	6.910.847

SECTION FOUR (Cont'd)

INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

VIII. Explanations Related To Presentation of Financial Assets and Liabilities by Fair Value:

The table below shows the book value and the fair value of the financial assets and liabilities in the financial statements of the Bank.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets (*)	5.578.003	4.250.669	5.650.763	4.250.825
Money Market Placements	7.584	-	7.584	-
Banks	147.068	28.444	147.068	28.444
Available-For-Sale Financial Assets	1.754.945	1.667.953	1.754.945	1.667.953
Held-To-Maturity Investments	-	-	-	-
Loans	3.668.406	2.554.272	3.741.166	2.554.428
Financial Liabilities (*)				
Bank Deposits	5.342.894	4.029.647	5.342.894	4.029.647
Other Deposits	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-
Marketable Securities Issued	5.312.969	4.008.994	5.312.969	4.008.994
Sundry Creditors	-	-	-	-

(*) Carrying values in the table comprise cost plus period-end accruals.

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

i- Market price

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non observable inputs.

Current Period	Quoted	Valuation techniques – market observable	Valuation techniques – non market observable	Fair value not available
Financial Assets				
Banks	-	147.068	-	-
Available-for-sale financial assets	1.388.326	289.833	76.786	-
Loans	-	3.668.406	-	-
Financial Liabilities				
Funds Obtained from Other Financial Institutions	-	5.312.969	-	-
Sundry Creditors	-	-	29.925	-

SECTION FOUR (Cont'd)**INFORMATION ON FINANCIAL STRUCTURE (Cont'd)****VIII. Explanations Related To Presentation of Financial Assets and Liabilities by Fair Value: (Cont'd)**

Prior Period	Quoted	Valuation techniques – market observable	Valuation techniques – non market observable	Fair value not available
Financial Assets				
Banks	-	28.444	-	-
Financials Assets set to sale	1.421.554	185.908	60.491	-
Loans	-	2.554.428	-	-
Financial Liabilities				
Funds Obtained from Other Financial Institutions	-	4.008.994	-	-
Sundry Creditors	-	-	20.653	-

For financial instruments whose fair value is estimated using valuation techniques with non-market observable inputs, the net unrealised amount recorded in the income statement in the current year due to changes in the inputs amounts has not been occurred.

IX. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions:

The Bank performs trading transactions on behalf of its customers, and gives custody, administration and consultancy services. The Bank does not deal with fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

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	89	168	118	114
Balances with the Central Bank of Turkey	484	2.137	98	3.037
Other	-	-	-	-
Total	573	2.305	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	484	2.137	98	3.037
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Total	484	2.137	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 at fair value through profit and loss

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

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).

SECTION FIVE (Cont'd)

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

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

2.a Information on financial assets at fair value through profit and loss (Cont'd)

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

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

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

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	57	-	1.700	-
Swap Transactions	18.698	667	4.807	1.153
Futures Transactions	-	-	-	-
Options	-	1.633	10.898	12.908
Other	-	-	-	-
Total	18.755	2.300	17.405	14.061

3.a Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	2.754	914	16.490	1.385
Foreign	-	143.400	-	10.569
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	2.754	144.314	16.490	11.954

3.b Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	140.192	5.649	-	-
USA and Canada	1.561	4.193	-	-
OECD Countries*	1.547	73	-	-
Off-shore banking regions	100	654	-	-
Other	-	-	-	-
Total	143.400	10.569	-	-

(*)OECD countries other than European Union countries, USA and Canada

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:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	827.384	41.302	880.683	71.072
Treasury bills	72	-	-	-
Other debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	827.456	41.302	880.683	71.072

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 292.951 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	129.809	163.142	162.054	110.401
Other	-	-	-	-
Total	129.809	163.142	162.054	110.401

4.b Major types of available for sale financial assets

Available for sale financial assets comprise 1,53 % treasury bills, 76,79 % government bonds and 16,52 % Eurobonds, and 5,16 % shares and other securities (December 31, 2007: 0,01 % treasury bills, 84,81 % government bonds, 10,25 % Eurobonds and 4,93 % 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.

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

	Current Period	Prior Period
Debt securities	1.768.626	1.650.710
Quoted on a stock exchange	1.397.467	1.418.166
Not quoted	371.159	232.544
Share certificates	28.217	27.015
Quoted on a stock exchange	4.593	3.388
Not quoted	23.624	23.627
Impairment provision(-)	(44.640)	(12.778)
Other	2.742	3.006
Total	1.754.945	1.667.953

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 12.981 Thousand which is recorded at cost since respective fair values cannot be reliably measured.

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	72.765	141.759	74.512	24.347
Corporate shareholders	72.765	141.759	74.512	24.347
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	225	-	174	-
Total	72.990	141.759	74.686	24.347

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.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	3.603.713	477	64.205	-
Discount notes	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Investment loans	1.999.186	477	61.128	-
Loans given to financial sector	992.373	-	-	-
Foreign loans	5.063	-	-	-
Consumer loans	225	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	606.866	-	3.077	-
Specialized loans	11	-	-	-
Other receivables	-	-	-	-
Total	3.603.724	477	64.205	-

5.c Loans according to their maturity structure:

	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
Short-term loans and other receivables	69.026	-	-	-
Non-specialized loans	69.026	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	3.534.698	477	64.205	-
Non-specialized loans	3.534.687	477	64.205	-
Specialized loans	11	-	-	-
Other receivables	-	-	-	-

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 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	190	35	225
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	190	35	225
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	-	-	-
draft Accounts-TRY (Real Persons)	-	-	-
draft Accounts-FC (Real Persons)	-	-	-
Total	190	35	225

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.e 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.f. Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	3.668.406	2.554.272
Total	3.668.406	2.554.272

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	3.663.343	2.545.989
Foreign loans	5.063	8.283
Total	3.668.406	2.554.272

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	134.654	51.331
Indirect loans granted to subsidiaries and associates	-	-
Total	134.654	51.331

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	-	560
Loans and receivables with doubtful collectability	-	-
Uncollectable loans and receivables	25.428	18.860
Total	25.428	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.j Information on non-performing loans (Net)

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectable Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	5.336
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	5.336
Prior Period			
(Gross amounts before provisions)	-	-	9.699
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	9.699

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectable Loans and Receivables
Prior period end balance	560	-	18.860
Additions (+)	2.053	-	9.832
Transfers from other categories of non-performing Loans (+)	-	-	2.589
Transfers to other categories of non-performing loans (-)	(2.589)	-	-
Collections (-)	(24)	-	(3.968)
Write-offs (-)	-	-	(1.885)
Corporate and Commercial Loans	-	-	(1.885)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	-	-	25.428
Specific provision (-)	-	-	(25.428)
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.j Information on non-performing loans (Net) (Cont'd)

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectable Loans and Receivables
Current Period			
Period End Balance	-	-	7.464
Special Provision (-)	-	-	(7.464)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	560	-	2.673
Special Provision (-)	(560)	-	(2.673)
Net Balance on Balance Sheet	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectable Loans and Receivables
Current Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	-	-	20.085
Specific Provision Amount (-)	-	-	(20.085)
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	5.343
Specific Provision Amount (-)	-	-	(5.343)
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.k 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.

5.l Explanations about the write-off policies from the assets:

If there is no collateral against uncollectible loans and receivables and if the receivable amount is less than the cost; tax, fee, and other expenses, made for the legal actions, the receivable is written off from the assets upon the request of the Credit Monitoring Department and the approval of the General Management.

However, if there is a collateral against the receivable and after all the costs of legal actions are fulfilled, and if there is still a part of receivables not collected, the receivables are written off after getting of pledge shortage and evidence of insolvency subsequently.

5.m Other explanations and disclosures:

Current Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	2.667.738	998.617	225	-	3.666.580
Past due not impaired	1.482	344	-	-	1.826
Individually impaired	23.639	1.789	-	-	25.428
Total Gross	2.692.859	1.000.750	225	-	3.693.834
Less: allowance for individually impaired loans	(23.639)	(1.789)	-	-	(25.428)
Less: allowance on a portfolio basis	-	-	-	-	-
Total allowance for impairment	-	-	-	-	(25.428)
Total Net	2.669.220	998.961	225	-	3.668.406

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.m Other explanations and disclosures (Cont'd)

Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	1.976.058	577.953	174	-	2.554.185
Past due not impaired	87	-	-	-	87
Individually impaired	19.054	366	-	-	19.420
Total Gross	1.995.199	578.319	174	-	2.573.692
Less: allowance for individually impaired loans	(19.054)	(366)	-	-	(19.420)
Less: allowance on a portfolio basis	-	-	-	-	-
Total allowance for impairment	(19.054)	(366)	-	-	(19.420)
Total Net	1.976.145	577.953	174	-	2.554.272

A reconciliation of the allowance for impairment losses and advances by classes is as follows;

	Corporate	SME	Consumer	Other	Total
At January 1, 2008	(19.054)	(366)	-	-	(19.420)
Charge for the year	(10.097)	(1.788)	-	-	(11.885)
Recoveries	3.627	365	-	-	3.992
Amounts written off	1.885	-	-	-	1.885
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At December 31, 2008	(23.639)	(1.789)	-	-	(25.428)

	Corporate	SME	Consumer	Other	Total
At January 1, 2007	(19.579)	(13.951)	-	-	(33.530)
Charge for the year	(725)	(1)	-	-	(726)
Recoveries	1.250	1.655	-	-	2.905
Amounts written off	-	11.931	-	-	11.931
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At December 31, 2007	(19.054)	(366)	-	-	(19.420)

A breakdown of the allowance for impairment losses is given below:

Current Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(23.639)	(1.789)	-	-	(25.428)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	23.639	1.789	-	-	25.428

Prior Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(19.054)	(366)	-	-	(19.420)
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	19.054	366	-	-	19.420

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.m Other explanations and disclosures (Cont'd)

Movements in the allowance for impairment losses and advances is as follows:

	Current Period	Prior Period
At January 1, 2008	19.420	33.530
Charge for the year	11.885	726
Recoveries	(3.992)	(2.905)
Amounts written off	(1.885)	(11.931)
Interest accrued on impaired loans and other receivables	-	-
At December 31, 2008	25.428	19.420
Individual impairment	(25.428)	(19.420)
Gross amount of loans, individually determined to be impaired, (before deducting any individually assessed impairment allowance)	25.428	19.420

Aging analysis of past due but not impaired financial assets per class of financial statements

Current Period	Less than 30 days	31- 60 Days	61- 90 Days	Much than 91 days	Total
Loans and Receivables	730	899	197	-	1.826
Commercial Loans	657	825	-	-	1.482
SME Loans	73	74	197	-	344
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	730	899	197	-	1.826

Prior Period	Less than 30 days	31- 60 Days	61- 90 Days	Much than 91 days	Total
Loans and Receivables	-	-	-	-	-
Commercial Loans	-	87	-	-	87
SME Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	-	87	-	-	87

Of the total aggregate amount of gross past due but not yet impaired loans and other receivables, the fair value of collaterals, capped with the respective outstanding loan balance:

	Current Period	Prior Period
Residential, commercial and industrial property	-	873
Financial Assets	39.693	346
Other (bailment, pledge for vehicles and ship)	84.436	1.295
Total	124.129	2.514

Loans and other receivables amounting to TRY 2.969.016 Thousand have floating interest rates (December 31, 2007: TRY 2.328.412 Thousand) and the remaining TRY 699.390 Thousand have fixed interest rates (December 31, 2007: TRY 225.860 Thousand).

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	6,95	6,95
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	7,52	7,52
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)	6.434	6.192	1.237	13	-	2.679	(371)	-
İş Factoring (2)	117.450	27.308	90	808	4	17.905	1.174	-
İş Finansal (3)	1.160.109	262.718	1.170	6.934	4	51.636	46.716	27.476
İş Girişim (4)	116.442	114.711	1.440	901	590	7.114	2.626	5.968
Senapa (5)	35.164	8.400	22.505	65	-	537	(453)	-
Terme (6)	10.511	1.407	1.192	-	-	354	441	-
TSKB Y.O. (7)	18.212	18.125	-	-	729	(3.179)	2.111	2.249
Ünsa (8)	73.068	24.533	23.149	38	-	(1.511)	(1.601)	-
Yatırım Fin. Y.O.(9)	11.730	11.427	-	-	(924)	(2.933)	2.090	464

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

(2) Represents reviewed 30.06.08 financial statements. Prior year profit/loss is obtained from 31.12.07 financial statements.

(3) Represents reviewed 30.06.08 consolidated financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is presented as of 31.12.08.

(4) Represents reviewed 30.06.08 consolidated financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is presented as of 31.12.08.

(5) Represents un-reviewed 30.09.08 financial statements. Prior year profit/loss is obtained from 31.12.07 financial statements.

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

(7) Represents audited 31.12.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is presented as of 31.12.08.

(8) Represents un-reviewed 30.06.08 financial statements. Prior year profit/loss is obtained from 31.12.07 financial statements.

(9) Represents reviewed 30.09.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements. Fair value is presented as of 31.12.08.

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	(53.952)	(9.298)
Purchases	-	11.946
Bonus Shares Obtained	12.995	329
Current Year Share of Profit	-	-
Sales (*)	-	(6.849)
Revaluation Increase	-	-
Provision for Impairment	(66.947)	(14.724)
Balance at the End of the Period	45.986	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 transferred to EIB on November 9, 2007 in accordance with the agreement terms.

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 (Cont'd):**

In the Board of Directors' meetings of the Bank's associates TSKB Yatırım Ortaklığı A.Ş. and Yatırım Finansman Yatırım Ortaklığı A.Ş. held on September 24, 2008, it has been resolved that these two entities will be merged under TSKB Yatırım Ortaklığı A.Ş. according to the article 451 of Turkish Commercial Code, and 19th and 20th articles of Corporate Tax Law No: 5520. For this purpose, managements of these companies have been authorized to fulfill the required duties and transactions.

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	27.476	74.504
Financial Service Companies	-	-
Other Associates	16.959	23.883

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	36.157	90.109
Associates quoted on foreign stock exchanges	-	-

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

No associate has been 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 transferred 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 obtained TRY 12.995 Thousand bonus shares through the capital increase of İş Finansal Kiralama A.Ş. amounting to TRY 45.500 Thousand.

During the prior period, the Bank purchased İş Faktoring Finansman Hizmetleri A.Ş.'s 1.120.000 nominal shares for 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 by TRY 329 Thousand, TRY 11.281 Thousand and TRY 150 Thousand, respectively.

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):

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	99,99	99,99
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)	2.745	2.307	1.055	15	-	297	827	-
YF MEN.DĞ. (2)	135.549	43.031	1.417	3.383	1.106	971	7.753	-
TSKB GYO (3)	186.411	108.787	76.729	138	190	3.063	4.024	-

(1) Represents un-reviewed 30.09.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements.

(2) Represents un-reviewed 30.09.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements.

(3) Represents audited 31.12.08 financial statements. Prior year profit is obtained from 31.12.07 financial statements.

8.a.2 Information on subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	110.338	40.150
Movements in period	32.201	70.188
Purchases	24.060	64.800
Bonus shares obtained	8.141	17.552
Current year share of profit	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	(12.164)
Balance at the end of the period	142.539	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	142.539	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).

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 (Cont'd)

8.a.5 Subsidiaries sold in the current period

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

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

During the current period, the Bank obtained TRY 8.141 Thousand bonus shares through the capital increase of Yatırım Finansman Menkul Değerler A.Ş. amounting to TRY 8.500 Thousand. Besides the Bank has contributed to the capital increase of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. by cash amounting to TRY 24.000 Thousand and increased its nominal shareholding to TRY 96.000 Thousand. As per December 16, 2008 dated Board of Directors' meeting of TSKB Gayrimenkul Değerleme A.Ş., the subsidiary of the Bank, it has been resolved to transfer TRY 60 Thousand nominal shares of TSKB Gayrimenkul Değerleme A.Ş. to the Bank.

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 its nominal shareholding to TRY 72.000 Thousand. Bank's share percentage which was 96 % is 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 this subsidiary has 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	16.212	15.519	2.864	2.764
Between 1 - 4 years	187.109	170.509	160.889	141.928
More than 4 years	36.710	29.585	106.942	86.070
Total	240.031	215.613	270.695	230.762

10.b The information on net investments in finance leases

	Current Period	Prior Period
Gross investments in finance leases	240.031	270.695
Unearned revenue from finance leases (-)	(24.418)	(39.933)
Cancelled finance leases (-)	-	-
Net investments in finance leases	215.613	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 Tangible Assets (Net):

	Prior Period End	Additions	Disposals	Transfer (*)	Current Period End
Cost					
Land and Building	7.246	746	-	-	7.992
Assets held under finance leases	2.232	-	-	-	2.232
Vehicles	928	-	(326)	-	602
Assets for resale	14.900	254	(1.200)	10.510	24.464
Other	4.118	1.220	-	-	5.338
Total Cost	29.424	2.220	(1.526)	10.510	40.628
Accumulated depreciation					
Land and Building	(1.910)	(155)	-	-	(2.065)
Assets held under finance leases	(564)	(557)	-	-	(1.121)
Vehicles	(775)	-	475	-	(300)
Assets for resale	(2.367)	(681)	3	(977)	(4.022)
Other	(3.663)	(243)	-	-	(3.906)
Total accumulated depreciation	(9.279)	(1.636)	478	(977)	(11.414)
Impairment provision					
Land and Building	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets for resale	(2.688)	(188)	-	(360)	(3.236)
Other	-	-	-	-	-
Total impairment provision	(2.688)	(188)	-	(360)	(3.236)
Net book value	17.457	396	(1.048)	9.173	25.978

(*)The fixed assets amounting to TRY 10.510 Thousand, accounted for as assets held for sale in the prior period, has been classified into assets for resale again due to unrealized sales plan and conditions and also no longer qualifying as assets held for sale.

SECTION FIVE (Cont'd)

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

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

12. Information on Tangible Assets (Net) (Cont'd)

12.a If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements

12.a.1 Events and conditions for recording or reversing impairment

According to the appraisal report of the Bank's internal specialists the inflation adjusted values of the properties are more than the fair values. Therefore; the Bank recorded impairment provision on these.

12.a.2 Amount of recorded or reversed impairment in the financial statements

The impairment amount recorded as at the balance sheet date is TRY 3.236 Thousand (December 31, 2007: TRY 2.688 Thousand). There are no impairments reversed.

12.b The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this

There is no impairment provision on individual asset set or cancelled in the current period, other than impairment on properties referred to above.

13. Information on Intangible Assets (Net)

13.a Useful lives and amortization rates used

The Bank has booked the inflation adjustments to its statutory records since January 1, 2004 according to the Law No: 203 amending the Tax Procedural Code. While prior years' amortization rates were used for the intangible assets acquired before January 1, 2004 new amortization rates were applied as per their useful lives determined by the Ministry of Finance for those acquired after January 1, 2004.

13.b Amortization methods used

The intangible fixed assets are amortized principally on straight line basis which amortize the assets over their expected useful lives.

13.c Cost and accumulated amortization at the beginning and end of the period

	Period Beginning		Period End	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	2.114	(1.791)	2.419	(1.982)

SECTION FIVE (Cont'd)

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

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

13. Information on Intangible Assets (Net) (Cont'd)

13.d Movement of cost and accumulated amortization for the period

	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Transfer	Closing Balance of Current Period
Cost:					
Intangible asset	2.114	305	-	-	2.419
Total Cost	2.114	305	-	-	2.419
Accumulated amortization:					
Intangible asset	(1.791)	(191)	-	-	(1.982)
Total Accumulated Amortization	(1.791)	(191)	-	-	(1.982)
Impairment provision:					
Intangible asset	-	-	-	-	-
Total Impairment provision	-	-	-	-	-
Net Book Value	323	114	-	-	437

13.e The net book value, description and the remaining amortization period of any material individual intangible asset in the financial statements

As at the balance sheet date, the Bank has no individual intangible asset which is material in the financial statements as a whole (December 31, 2007: None).

13.f Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition

As at the balance sheet date, the Bank has no intangible fixed assets acquired through government grants (December 31, 2007: None).

13.g The method of subsequent measurement for intangible assets that are acquired through government incentives and recorded at fair value at the initial recognition

As at the balance sheet date, the Bank has no intangible assets acquired with government incentives. (December 31, 2007: None).

13.h The book value of intangible assets that are pledged or restricted for use

As at the balance sheet date, there are no intangible assets with restricted use or pledged (December 31, 2007: None).

13.i Amount of purchase commitments for intangible assets

As at the balance sheet date, the Bank has no purchase commitments for intangible assets (December 31, 2007: None).

13.j Information on revalued intangible assets according to their types

The Bank did not revalue its intangible assets as at the balance sheet date (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):

13 Information on Intangible Assets (Net) (Cont'd)

13.k Amount of total research and development expenses recorded in income statement within the period, if any

The Bank has no research and development costs expensed in the current period. (December 31, 2007: None).

13.l Information on positive or negative goodwill

As at the balance sheet date, the Bank has no goodwill (December 31, 2007: None).

13.m The carrying value of goodwill at beginning and end of the period, and movements within the period

As at the balance sheet date, the Bank has no goodwill in the accompanying financial statements (December 31, 2007: None).

13.n The carrying value of negative goodwill at beginning and end of the period, and movements within the period

As at the balance sheet date, the Bank has no negative goodwill in the accompanying financial statements (December 31, 2007: None).

14. Information on Investment Property:

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

15. Information on Deferred Tax Assets:

15.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	949	656
Financial lease adjustments	1.608	652
Derivative instrument accruals	554	876
Employee benefit provision	522	551
Loan commissions accrual adjustment	2.496	1.424
Other provisions	7.317	1.851
Other	2.267	34
Total	15.713	6.044

In addition, TRY 5.557 Thousand deferred tax, 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 (December 31, 2007: TRY 2.104 Thousand).

SECTION FIVE (Cont'd)

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

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

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

15.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.

15.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.

16. Information on Assets Held For Sale

The fixed assets amounting to TRY 10.510 Thousand, accounted for as assets held for sale in the prior period, has been classified into Assets for Resale under Tangible Assets in accordance with TAS 16, TFRS 5 and BRSA regulations due to unrealized sales plan and conditions and also no longer qualifying as assets held for sale. For the related asset, depreciation is booked from the date when the asset was classified under assets held for sale and the net book value of these assets are calculated as TRY 9.173 Thousand (December 31, 2007: TRY 10.510 Thousand).

17. Information about Other Assets:

17.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	-	-	610	-
Swap Transactions	17.914	514	20.272	500
Futures Transactions	-	-	-	-
Options	-	8.508	10.898	12.790
Other	-	-	-	142
Total	17.914	9.022	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	14.006	70.193	49.022	9.313
From Foreign Banks, Institutions and Funds	60.878	4.290.856	4.155	3.052.720
Total	74.884	4.361.049	53.177	3.062.033

3.b Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	70.729	493.273	49.022	523.640
Medium and long-term	4.155	3.867.776	4.155	2.538.393
Total	74.884	4.361.049	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)

3.c Additional information about the concentrated areas of Bank's major liabilities:

As the Bank is not authorized to accept deposits, liabilities are mostly composed of the funds borrowed from domestic banks and banks abroad; short term and medium-long term borrowings and securities issued.

4. Information relating to funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Transactions	763.325	26.236	764.416	42.267
Financials Institutions and organizations	737.020	-	739.019	-
Other Institutions and organizations	5.993	8.408	7.633	21.847
Real persons	20.312	17.828	17.764	20.420
From Foreign Transactions	1.823	15.012	2.002	25.403
Financials Institutions and organizations	38	223	-	17.338
Other Institutions and organizations	0	6.613	7	5.450
Real persons	1.785	8.176	1.995	2.615
Total	765.148	41.248	766.418	67.670

5. 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).

6. Explanations on Financial Lease Obligations (Net):

6.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.

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

There are no changes in financial leasing contracts.

SECTION FIVE (Cont'd)**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)****II. Explanations Related to the Liabilities (Cont'd)****6. Explanations on Financial Lease Obligations (Net) (Cont'd)****6.c Explanations on finance lease payables**

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

6.d Explanations regarding operational leases:

As of the balance sheet date, the Bank's 1 head office buildings and 3 branches are subject to operational leasing. Additionally, 21 cars are under operational leasing. The Bank has no obligations for operational leases in the current period (December 31, 2007: 1 head office buildings, 3 branches and 21 cars under operational leasing).

6.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).

7. 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).

8. Information on Provisions:**8.a Information on general provisions**

	Current Period	Prior Period
General Provisions	32.598	19.396
Provisions for First Group Loans and Receivables	25.890	15.678
Provisions for Second Group Loans and Receivables	1.380	2
Provisions for non-Cash Loans	818	660
Other	4.510	3.056

8.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 2.645 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.

SECTION FIVE (Cont'd)**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Cont'd)****II. Explanations Related to the Liabilities (Cont'd)****8. Information on Provisions (Cont'd)****8.c The specific provisions provided for unindemnified non cash loans:**

The Bank has 4 Thousand TRY of specific provisions provided for unindemnified non cash loans as of the balance sheet date (December 31, 2007: TRY 4 Thousand).

8.d Information on employee termination benefits and unused vacation accrual:

The Bank has calculated reserve for employee termination benefits by using actuarial valuations as set out in the Turkish Accounting Standard No:19 and reflected the calculated amount to the financials statements.

As of December 31, 2008, TRY 2.279 Thousand (December 31, 2007 - TRY 2.431 Thousand) reserve for employee termination benefits was provided against a total undiscounted liability of TRY 5.394 Thousand. The ratio of provision of this benefit to undiscounted total liability is 42,25 %.

As of December 31, 2008, the Bank provided a reserve of TRY 331 Thousand (December 31, 2007 - TRY 323 Thousand) for the unused vacations. This balance is classified under reserve for employee benefits in the financial statements.

8.d.1. Movement employee termination benefits

	Current Period	Prior Period
As of January 1,	2.431	2.312
Payments during the period	(548)	(568)
Arising during the period	396	687
Total	2.279	2.431

8.e Information related to other provisions:**8.e.1 Provision for possible losses:**

	Current Period	Prior Period
Provisions for Possible Losses (*)	25.000	6.808

() In the current period, the Bank has provided TRY 25.000 Thousand provision for possible risks on credit portfolio in the future period (December 31, 2007: TRY 6.808 Thousand)..*

8.e.2 If other provisions exceeds 10% of total provisions, the name and amount of sub-accounts

	Current Period	Prior Period
Provision for Possible Losses	25.000	6.808
Provision for Dividend Received from Subsidiaries	2.424	2.424
Other	9.182	24
Total	36.606	9.256

SECTION FIVE (Cont'd)

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

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

8. Information on Provisions (Cont'd)

8.f. Liabilities on pension rights

As of December 31, 2008, as explained on the Section Three, Accounting Policies, XV. Explanations on Liabilities Regarding Employee Benefits, the Bank has no obligations on pension rights (December 31, 2007: None).

8.f.1. Liabilities for pension funds established in accordance with “Social Security Institution”:

None (December 31, 2007: None).

8.f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees:

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of December 31, 2008 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per February 8, 2009 dated actuarial report, the liabilities, subject to the transfer to the Social Security Institution, are financed by the assets of the Pension Fund.

Accordingly, as of December 31, 2008, the Bank has no liability for the Pension Fund liabilities, subject to the transfer and also for other social rights, payments, and medical benefits of the employees explained in trust indenture which are not subject to the transfer, in accordance with the articles of the Law as explained under accounting policies, note 3.15 “Explanations on Liabilities Regarding Employee Benefits”

9. 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 Thousand (TRY 75.800 Thousand). The interest expense accrual of this borrowing is TRY (5.171) 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 5,212 % (2,712+2,5 spread). 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. 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 (Cont'd)

9.a Information on subordinated loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	70.629	-	59.624
Total	-	70.629	-	59.624

10. Information on Taxes Payable:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Corporate Taxes and Deferred Taxes				
Corporate tax payable (*)	14.211	-	33.689	-
Deferred tax liability	-	-	-	-
Total	14.211	-	33.689	-

(*) As of balance sheet date, Corporate Tax Provision for 2008 is TRY 31.019 Thousand and netted of from Prepaid Tax of TRY 16.808 Thousand.

10.a Information on deferred taxes liabilities:

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

10.a.1 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	14.211	33.689
Taxation of securities	1.018	905
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	286	131
Foreign Exchange Transaction Tax	-	54
Value Added Tax Payable	92	-
Other	1.513	1.447
Total	17.120	36.226

SECTION FIVE (Cont'd)

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

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

10. Information on Taxes Payable (Cont'd)

10.a.2 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
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	12	11
Unemployment insurance-Employer	24	21
Other	-	-
Total	36	32

11. Information on liabilities regarding assets held for sale

The fixed assets amounting to TRY 10.510 Thousand, accounted for as assets held for sale in the prior period, has been classified into Assets for Resale under Tangible Assets in accordance with TAS 16, TFRS 5 and BRSA regulations due to unrealized sales plan and conditions and also no longer qualifying as assets held for sale. As of the balance sheet date, included in the sundry creditors, the Bank has TRY 4.806 Thousand payable related to the asset, which will be netted of from the sales price in the future (December 31, 2007: TRY 2.252 Thousand).

12. Information on Shareholders' Equity:

12.a Presentation of paid-in capital

	Current Period	Prior Period
Common stock	500.000	400.000
Preferred stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	500.000	1.000.000

In the 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.

SECTION FIVE (Cont'd)

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

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

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

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

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

During the prior period, as per February 16, 2007 dated Board of Directors resolution, within the limits of 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 has been incorporated from the profit of the year 2006 and TRY 50.000 Thousand from the 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.

12.d Information on share capital increases from capital reserves

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

12.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.

12.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 various scenario analysis. The Bank operations are profitable, and the Bank retains the major part of its profit by capital increases or capital reserves within the shareholders equity.

12.g Information on preferred shares

The Bank has no preferred shares.

SECTION FIVE (Cont'd)

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

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

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

12.h Information on marketable securities value increase fund

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities Under Common Control	(36.196)	-	30.751	-
Valuation Differences	1.064	(30.059)	8.662	(143)
Foreign Exchange Difference	-	-	-	-
Total	(35.132)	(30.059)	39.413	(143)

13. Informations on Legal Reserves:

	Current Period	Prior Period
I. Legal reserve	22.235	14.861
II. Legal reserve	20.346	13.665
Other legal reserves appropriated in accordance with special legislation	-	-
Total	42.581	28.526

14. Informations on Extraordinary Reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	99.779	88.920
Retained earnings	2.920	2.920
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	102.699	91.840

SECTION FIVE (Cont'd)

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

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

15. Explanations related to equity:

Movement of Equity Reserves during the period:

	Value Increase Funds of Marketable Securities from Available for Sale	Value Increase Funds of Marketable Securities from Subsidiaries and Associates	Revaluation value increase Subsidiaries and Associates	Others Equity Reserves	Total
As of January 1, 2008	8.519	30.751	-	16.374	55.644
Value increase of available for sale investments recognized directly under equity	-	-	-	-	-
Profit on disposal of available for sale investments recycled to income statement from equity	(43.071)	(66.947)	-	-	(110.018)
Loss on disposal of available for sale investments or impairments recycled to income statement from equity	-	-	-	-	-
Tax effect of gains on available for sale investments	5.557	-	-	-	5.557
Gain / loss on cash flow hedges	-	-	-	-	-
Gain / loss on cash flow hedges recycled to income statement	-	-	-	-	-
Tax effect of gains on cash flow hedges	-	-	-	-	-
Transfer to capital	-	-	-	(16.000)	(16.000)
Other	-	-	28.378	-	28.378
As of December 31, 2008	(28.995)	(36.196)	28.378	374	(36.439)

16. 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 letters of credit are TRY 260.512 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 299.449 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	7.530	91.161
With maturity of one year or less than one year	-	-
With maturity of more than one year	7.530	91.161
Other non-cash loans	560.400	393.570
Total	567.930	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	64.928	29	155.642	45	30.810	45	184.354	44
Mining	4.501	2	-	-	-	-	-	-
Manufacturing Industry	9.010	4	31.325	9	7.962	12	159.442	38
Electricity, Gas, Water	51.417	23	124.317	36	22.848	33	24.912	6
Construction	9.123	4	37.070	11	9.123	13	309	-
Services	146.978	67	154.189	44	29.403	42	230.724	56
Wholesale and Retail Trade	-	-	144.790	41	-	-	132.684	32
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and Communication	2	-	-	-	2	-	88.085	21
Financial Institutions	142.971	65	9.096	3	25.233	36	6.984	2
Real Asset and Leasing Services	5	-	303	-	168	-	2.971	1
Self-employment services	4.000	2	-	-	4.000	6	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	8	-	-	-
Total	221.029	100	346.901	100	69.344	100	415.387	100

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

	I st Group		II nd Group	
	TRY	FC	TRY	FC
Non-cash loans	221.029	346.901	-	-
Letters of guarantee	221.021	78.428	-	-
Bank acceptances	-	439	-	-
Letters of credit	-	260.512	-	-
Endorsements	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-
Factoring guarantees	-	-	-	-
Other	8	7.522	-	-

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. Information related to derivative financial instruments:

	Current Period	Prior Period
Foreign currency related derivative transactions (I)	624.056	5.917.607
Forward transactions	3.473	158.172
Swap transactions	430.112	486.426
Futures transactions	-	16.994
Option transactions	190.471	5.256.015
Interest related derivative transactions (II)	583.795	455.595
Interest rate swap transactions	411	769
Interest option transactions	68.962	60.072
Futures interest transactions	514.422	394.754
Other trading derivative transactions (III)	86.683	537.645
A. Total trading derivative transactions (I+II+III)	1.294.534	6.910.847
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	1.294.534	6.910.847

As of December 31, 2008, the breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Current Period										
TRY	-	-	65.990	81.285	65.094	26.094	-	-	-	19.960
USD	-	-	70.494	108.642	14.947	60.428	-	-	22.740	21.982
EURO	-	1.765	58.191	24.043	46.434	46.434	-	514.422	-	-
Other	1.708	-	21.878	-	2	-	-	-	22.001	-
Total	1.708	1.765	216.553	213.970	126.477	132.956	-	514.422	44.741	41.942

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Prior Period										
TRY	40.672	177	27.203	117.583	1.443.108	1.399.900	8.241	263	194.250	214.210
USD	26.133	48.562	102.685	100.419	1.186.338	1.189.364	256	8.234	32.376	-
EURO	12.927	24.657	93.075	20.969	84.554	43.363	-	394.754	17.163	8.583
Other	1.300	3.744	16.179	9.082	-	23.299	-	-	-	17.224
Total	81.032	77.140	239.142	248.053	2.714.000	2.655.926	8.497	403.251	243.789	240.017

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. Information related to derivative financial instruments (Cont'd)

	Current Period			Prior Period		
	Fair value assets	Fair value liabilities	Notional amount in New Turkish Lira equivalent	Fair value assets	Fair value liabilities	Notional amount in New Turkish Lira equivalent
Swap Transactions	19.345	(18.410)	430.112	4.807	(12.112)	486.426
Interest Rate Swap Transactions	20	(18)	411	1.153	(8.660)	769
Forward Transactions	57	-	3.473	1.700	(611)	158.172
Futures Transactions	-	-	514.422	-	-	411.748
Option Transactions	1.633	(8.508)	259.433	23.160	(23.183)	5.369.926
Other	-	-	86.683	646	(646)	483.806
Total	21.055	(26.936)	1.294.534	31.466	(45.212)	6.910.847

Fair value hedges

For the year ended December 31, 2008, the Bank does not have any items to hedge financial risks.

3. Explanations on Contingent Liabilities and Assets:

There are 6 legal cases against the Bank which are amounting to TRY 31 Thousand as of the balance date.

As a result of a tax inspection, the Bank's subsidiary İş Factoring Finansman Hizmetleri A.Ş. was sent tax penalty notifications within the context of the article 16 of the Corporate Tax Law. İş Factoring A.Ş has brought a lawsuit against the relevant authorities concerning the cancellation of the given tax penalty notifications and on condition of keeping a right to bring a lawsuit in 2005 and paid to TRY 4.265 thousand to the tax office regarding the amounts claimed for the notifications. Subsequently, İş Factoring Finansman Hizmetleri A.Ş. has lost the pending lawsuits against the tax authority with a right to appeal to the Council of the 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.

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

4. Custodian and intermediary services:

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

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	5.184	2.695	3.029	1.888
Medium and long term loans	70.511	95.498	58.838	101.995
Interest on non-performing loans	3.101	445	2.325	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	78.796	98.638	64.192	103.883

1.b Information on interest received from banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	1.482	1.917	815	3.440
Foreign banks	2	2.061	309	4.999
Branches and head office abroad	-	-	-	-
Total	1.484	3.978	1.124	8.439

1.c Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	528	130	-	-
Financial assets at fair value through profit and loss	-	-	2.615	362
Available-for-sale securities	209.864	30.755	177.742	26.311
Held-to-maturity securities	-	-	-	-
Total	210.392	30.885	180.357	26.673

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	3.901	2.204

SECTION FIVE (Cont'd)

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

IV. Explanations Related to the Statement of Income

2.a Information on interest on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	4.259	39.100	2.971	33.049
The Central Bank of Turkey	48	-	4	-
Domestic banks	3.001	2.184	2.959	4.423
Foreign banks	1.210	36.916	7	28.627
Branches and head office abroad	-	-	-	-
Other financial institutions	-	51.169	-	114.196
Total	4.259	90.269	2.971	147.245

2.b Information on interest expense to associates and subsidiaries

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

2.c Information on interest expense to securities issued

The Bank has no interest expense on securities issued.

2.d Allocation of interest expense on deposits based on maturity of deposits:

The Bank is not authorized to accept deposits.

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	68	59
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	243	1.005
Other	23.588	18.888
Total	23.899	19.952

4. Information on Net Trading Income (Net):

	Current Period	Prior Period
Profit	927.853	387.979
Gains on capital market operations	294.695	189.062
On derivative financial instruments	289.850	166.820
Other	4.845	22.242
Foreign exchange gains	633.158	198.917
Losses (-)	(955.487)	(383.892)
Losses on capital market operations	(315.593)	(166.186)
On derivative financial instruments	(298.851)	(152.516)
Other	(16.742)	(13.670)
Foreign exchange losses	(639.894)	(217.706)

SECTION FIVE (Cont'd)

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

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

5. Information Related with Other Operating Income:

	Current Period	Prior Period
Provisions Released	6.318	14.736
Gains on Sale of Assets	1.962	45.312
From Associate and Subsidiary Sales	-	197
From Movable Fixed Asset Sales	1.890	44.818
From Movable Assets Sales	-	56
From Other Asset Sales	72	241
Other	1.908	2.223
Total	10.188	62.271

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	11.885	626
III. Group	2.053	560
IV. Group	-	-
V. Group	9.832	66
General provision expenses	13.202	5.297
Provision expenses for possible losses	25.000	6.808
Foreign exchange differences on foreign currency losses	-	-
Marketable securities impairment expenses	1.468	1.443
Trading securities	16	7
Investment securities available for sale	1.452	1.436
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (joint vent.)	-	-
Investment securities held to maturity	-	-
Other	2.350	198
Total	53.905	14.372

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 Related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	30.736	26.393
Reserve for employee termination benefits	-	119
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	955	1.554
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	191	147
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	548	-
Depreciation expenses of assets for resale	1.658	891
Impairment expenses of assets held for sale	-	-
Other operating expenses	13.091	8.228
Rent expenses	4.618	27
Maintenance expenses	446	338
Advertisement expenses	902	645
Other expenses	7.125	7.218
Loss on sales of assets	3	-
Other	4.728	5.761
Total	51.910	43.093

8. Information on profit/(loss) from continued and discontinued operations before taxes:

As of December 31, 2008, profit before tax of the Bank has increased by 17,57 % as compared to the prior year, after deducting proceeds on sale of property before tax amounting to TRY 44.704 Thousand realized in 2007. In comparison with the prior year, the Bank's net interest income has increased by 77,81 %.

9. Information on Tax Provision for Taxes on Income:

9.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 31.019 Thousand (December 31, 2007: TRY 33.689 Thousand. Deferred tax benefit is TRY 1.959 Thousand (December 31, 2007: TRY 10.548 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)

9. Information on Tax Provision for Taxes on Income (Cont'd):

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

Deferred tax benefit calculated on temporary differences is TRY 1.959 Thousand (December 31, 2007: TRY 10.548 Thousand deferred tax benefit).

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

As of December 31, 2008 deferred tax benefit calculated based on temporary differences is TRY 1.959 Thousand (December 31, 2007: TRY 10.548 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 (December 31, 2007: None).

10. Information on net profit/(loss) from continued and discontinued operations:

As of December 31, 2008, profit of the Bank has increased by 13,65 % as compared to the prior year, after deducting proceeds on sale of property after tax amounting to TRY 42.787 Thousand realized in 2007 (December 31, 2007: 38,61 % increase).

11. Information on Net Profit/Loss

11.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 441.987 Thousand interest income, TRY 198.426 Thousand interest expenses and TRY 3.842 Thousand net fee and commission income from banking operations (December 31, 2007: TRY 406.678 Thousand interest income, TRY 269.696 Thousand interest expense, TRY 4.795 Thousand net fee and commission income).

11.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.

11.c Minority share of profit and loss

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

12. 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.7.

SECTION FIVE (Cont'd)

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

V. Explanations Related to Statement of Changes in Shareholders' Equity:

1. Informations related to capital:

As of December 31, 2008, the shareholders and capital structure of the Bank are as follows:

Name Surname/Title	Share Amounts	Share Rates(%)	Paid in Shares	Unpaid Shares
T. İş Bankası A.Ş. Group	250.489	50,10	250.489	-
T. Vakıflar Bankası T.A.O.	41.888	8,38	41.888	-
Under Custody at Merkezi Kayıt Kuruluşu (National Custody Institution)	207.612	41,52	207.612	-
Other	11	0,00	11	-
Total	500.000	100,00	500.000	-

As of December 31, 2007, the shareholders and capital structure of the Bank are as follows:

Name Surname/Title	Share Amounts	Share Rates (%)	Paid in Shares	Unpaid Shares
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)	130.287	32,57	130.287	-
Other	35.812	8,95	35.812	-
Total	400.000	100,00	400.000	-

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

2. Information on the increase arising from the revaluation of securities available-for-sale

As of December 31, 2008, TRY 34.552 Thousand value decrease is accounted for arising from the valuation of available for sale investments at fair value. TRY 5.557 Thousand deferred tax is offset against value increase related to these investments and as a result, TRY 28.995 Thousand net value decrease is disclosed under the securities value increase fund in the statement of changes in the equity. In the prior period, TRY 10.623 Thousand value increase is accounted for arising from the valuation of available for sale investments at fair value. TRY 2.104 Thousand deferred tax is offset against value increase related to these investments and as a result, TRY 8.519 Thousand net value increase is disclosed under the securities value increase fund in the statement of changes in the equity.

3. Information on increases in the cash flow hedges

There is no increase in cash flow hedge transactions.

4. Reconciliation between beginning and ending balances for foreign currency differences

There is no difference in the beginning and ending balances for foreign currency differences.

SECTION FIVE (Cont'd)

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

V. Explanations Related to Statement of Changes in Shareholders' Equity (cont'd):

5. Information on the decrease arising from the revaluation of securities available-for-sale

The decrease arising from the revaluation of securities available-for-sale is explained in Note 2, above.

6. Information about Dividends:

6.a Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

As of the date of this report, the Bank has not yet computed its distributable profit and earnings per share for the approval in the General Assembly. The profit distribution will be approved at the General Assembly, which is not yet held as of the date of the financial statements authorized for issue. The earnings per share disclosed in the accompanying income statement is calculated by dividing profit for the period by total weighted average number of shares.

6.b Net dividend per share proposed after balance sheet date:

There are no dividends proposed by the Bank after the balance sheet date for the approval in the General Assembly.

7. Amounts transferred to legal reserves

In the current year, TRY 14.055 Thousand were transferred to the legal reserves (December 31, 2007: TRY 9.093 Thousand).

8. Offsetting of the prior period's losses

There is no offsetting of accumulated losses made during the current year.

VI. Explanations Related to Statement of Cash Flows:

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

In the current period, the other income includes TRY 1.915 Thousand gain on sale of assets.

In the prior period, the other income includes TRY 427 Thousand income from leasing, TRY 22.876 Thousand gains from capital market operations, TRY 1.062 Thousand gain on sale of assets and other non-interest income.

In the current period, the effect of foreign currency differences on cash and cash equivalents was TRY 6.736 Thousand.

In the prior period, the effect of foreign currency differences on cash and cash equivalents was TRY 18.789 Thousand.

SECTION FIVE (Cont'd)**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Cont'd)****2. Information about cash flows from acquisition of associates, subsidiaries, and other investments:**

In the current period, the bank, invested TRY 24.060 Thousand to associates, subsidiaries, and other investments and TRY 2.525 Thousand to movable fixed assets and properties.

In the prior period, the bank, invested TRY 76.747 Thousand to associates, subsidiaries, and other investments and TRY 2.429 Thousand to movable fixed assets and properties.

3. Information about disposal of associates, subsidiaries, and other investments:

The total amount of purchases or sales of related account and their cash and cash equivalents;

In the current period, the Bank has generated cash inflows of TRY 1.526 Thousand on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

In the prior period, the Bank generated cash inflows of TRY 60.048 Thousand on sale of movable fixed assets and properties and cash inflows of TRY 7.046 Thousand on sale of subsidiaries.

4. Information on Cash and Cash Equivalents at the End of the Period:

Information on cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	3.367	1.058
Cash Equivalents	28.440	110.624

Information on cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	2.878	3.367
Cash Equivalents	154.641	28.440

5. Amount of cash and cash equivalents restricted for the usage of the Bank and the shareholders by legal limitations and other reasons

There are no cash and cash equivalents restricted for the usage of the Bank and affiliates by legal limitations and other reasons.

SECTION FIVE (Cont'd)

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

VI. Explanations Related to Statement of Cash Flows (cont'd):

6. Additional Information Related to Financial Position and Liquidity of the Bank

6.a Any unused financial borrowing facility which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities

There are not any unused financial borrowing facilities which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities.

6.b Apart from the cash flows needed to run ordinary operations of the Bank, total of cash flows that shows the increase in the operation capacity of the Bank.

Under current economical conditions, the cash flows are followed daily and cash flows showing the increase in the capacity of operations of the Bank is investigated.

VII. 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	-	24.347	65.319	225
Balance at end of period	130.415	172	-	141.759	66.812	226
Interest and commission income	3.547	1	-	63	2.708	-

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

(**) Other entities included in the risk group; covers the financial lease receivables amounting of TRY 2.776 Thousand.

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	-	24.347	81.199	225
Balance at end of period	46.778	168	-	24.347	65.319	225
Interest and commission income received	2.447	1	142	24	3.774	-

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

(**) Other entities included in the risk group; covers the financial lease receivables amounting of TRY 3.240 Thousand.

SECTION FIVE (Cont'd)

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

VII. 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.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.

VIII. Information and Disclosures Related to the Domestic, Foreign Offshore Branches and Foreign Representations of the Bank

1. Information and Disclosures Related to the Domestic, Foreign Offshore Branches and Foreign Representations of the Bank

	Number	Number Of Employees			
Domestic Branch	2	330			
			Country of Incorporation		
Foreign Rep Office	-				
				Total Assets	Statutory Share Capital
Foreign Branch	-				
Off-share Banking Region Branches	1	2	1-Bahreyn	539.398	

VIII. Information and Disclosures Related to the Domestic, Foreign Offshore Branches and Foreign Representations of the Bank

2. Explanation on opening, closing of a branch/agency of the Bank or changing its organizational structure significantly:

In the current period, the Bank has not opened a new branch or agency. Additionally, there is no significant change in the organization structure of the Bank's operating branches.

In the prior period, the Bank has not opened a new branch or agency. Additionally, there is no significant change in the organization structure of the Bank's operating branches.

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to the Operations of the Bank

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

FITCH RATINGS

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

Information above is received from Fitch Ratings report dated September 17, 2008.

MOODY'S

Financial Rating Note	D+
Outlook	Stable
Foreign Currency	
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. Significant Events and Matters Arising Subsequent to Balance Sheet Date

There is no significant event after balance sheet date.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations for Independent Auditors' Report

The financial statements and the notes to the financial statements for the year ended December 31, 2008 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Member Firm of Deloitte Touche Tohmatsu").

The independent auditors' 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 the Bank's operations.