

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

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2008**

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

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Türkiye Sınai Kalkınma Bankası (the “Bank”) and its subsidiaries (together the “Group”) as of 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

As discussed in Note 8, the accompanying 31 December 2007 and 30 June 2007 consolidated financial statements have been restated.

DRT Bağımsız Denetim ve ŞMİM A.Ş.

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

Member of DELOITTE TOUCHE TOHMATSU

İstanbul, 21 August 2008

Member of
Deloitte Touche Tohmatsu

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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008****ASSETS**

	30 June 2008 <u>TRY'000</u>	As Restated (See note 8) 31 December 2007 <u>TRY'000</u>
Liquid Assets	312	1,088
Balances with The Central Bank	3,845	3,135
Balances with Banks	94,138	50,891
Interbank Money Market Placements	190	79
Funds Lent Under Securities Resale Agreements	14,437	11,757
Investments Held for Trading (Net)	49,964	105,007
Derivative Financial Assets	38,669	31,466
Reserve Deposits at the Central Bank	45,217	36,328
Loans and Receivables (Net)	3,213,861	2,751,812
Investment Securities (Net)	1,565,387	1,682,430
Investments in Associates (Net)	103,259	86,455
Goodwill (Net)	383	383
Premises and Equipment (Net)	82,992	80,876
Investment Properties (Net)	4,945	4,945
Intangible Assets (Net)	319	586
Assets Classified as Held For Sale	10,510	10,510
Other Assets	49,196	62,523
Deferred Tax Asset (Net)	8,426	7,715
Total Assets	<u>5,286,050</u>	<u>4,927,986</u>

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008****LIABILITIES**

	30 June 2008 TRY'000	As Restated (See note 8) 31 December 2007 TRY'000
Interbank Money Market Borrowings	12,640	79
Obligations Under Repurchase Agreements	712,725	844,249
Borrowings	3,627,510	3,126,246
Derivative Financial Liabilities	42,496	45,212
Obligations Under Finance Leases	599	480
Corporate Tax	1,166	12,491
Provisions	21,749	17,565
Subordinated Loan	58,654	59,624
Other Liabilities	66,734	71,764
Payables Related to Assets Held for Sale	3,105	2,252
Deferred Tax Liability (Net)	-	-
Total Liabilities	4,547,378	4,179,962
<u>Equity</u>		
Share Capital		
Nominal Capital	500,000	400,000
Inflation Adjustment to Capital	714,035	730,035
Total Paid-in Capital	1,214,035	1,130,035
Premium in Excess of Par	13	13
Unrealized Gains/(Losses) on Available for Sale Investments, Net of Tax	(61,971)	14,086
Other Reserves	28,378	-
Accumulated Losses	(467,635)	(425,945)
Equity Attributable to Equity Holders of the Parent	712,820	718,189
Minority Interest	25,852	29,835
Total Equity	738,672	748,024
Total Liabilities And Shareholders' Equity	5,286,050	4,927,986

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2008**

	1 January -30 June 2008	As Restated (See note 8) 1 January -30 June 2007
	TRY'000	TRY'000
Interest Income		
Interest on Loans	91,305	74,268
Interest on Interbank Money Market Placements	120	123
Interest on Securities	114,544	97,371
Interest Received from Banks	4,099	7,174
Interest on Financial Leasing	8,989	8,773
Other Interest Income	2,016	3,854
	<u>221,073</u>	<u>191,563</u>
Interest Expenses		
Interest on Interbank Money Market Borrowings	(50,305)	(56,535)
Interest on Borrowings	(65,796)	(71,828)
Other Interest Expenses	(331)	(239)
	<u>(116,432)</u>	<u>(128,602)</u>
Net Interest Income / (Expenses)	<u>104,641</u>	<u>62,961</u>
Fee and Commission Income	9,003	22,559
Fee and Commission Expenses	(608)	(2,236)
Net Fee and Commission Income / (Expenses)	<u>8,395</u>	<u>20,323</u>
Net Foreign Currency Gains / (Losses)	(14,964)	(12,202)
Net Securities Trading Gains / (Losses)	1,386	20,013
Total Trading Income / (Loss)	<u>(5,183)</u>	<u>28.134</u>
(Provision for)/Recoveries from Impairment on Loans and Receivables, Net	(3,616)	610
Net Operating Income / (Loss) After Impairment Losses	<u>95,842</u>	<u>91,705</u>
Other Operating Income	6,901	3,591
Other Operating Expenses	(36,720)	(29,339)
Income/ (Loss) from Associates Accounted for Under Equity Method	19,634	6,308
Income / (Loss) Before Taxation	<u>85,657</u>	<u>72,265</u>
Taxation	(15,760)	(12,239)
Net Income / (Loss)	<u>69,897</u>	<u>60,026</u>
Net Income / (Loss) Attributable to:		
Equity Holders of the Parent	73,503	58,080
Minority Interest	(3,606)	1,946
	<u>69,897</u>	<u>60,026</u>
Weighted Number of Shares (in Million)	500,000	500,000
Earnings Per Share (In Full New Turkish Lira)	<u>0.1398</u>	<u>0.1201</u>

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2008**

	Share Capital TRY'000	Inflation Adjustment to Capital TRY'000	Premium in Excess Of Par TRY'000	Unrealized Gains/(Losses) on Available For Sale Investments, Net of Tax TRY'000	Other Reserves TRY'000	Accumulated Losses TRY'000	Equity Attributable to Equity Holders of the Parent TRY'000	Minority Interest TRY'000	Total Equity TRY'000
At 31 December 2006 (As previously reported)									
Effect of restatement in accordance with IAS 8 (see note 8)	-	-	-	-	-	-	-	-	-
At 31 December 2006 (As restated)	300,000	780,035	13	(11,474)	-	(491,706)	576,868	27,773	604,641
Transfers to capital	100,000	(50,000)	-	(11,474)	-	(485,368)	583,206	27,773	610,979
Gain/(loss) on available for sale investments, net	-	-	-	17,155	-	(50,000)	-	-	-
Dividends paid	-	-	-	-	-	-	17,155	-	17,155
Change in minority interest	-	-	-	-	-	(2,724)	(2,724)	-	(2,724)
Income / (loss) for the period	-	-	-	-	-	-	-	(2,785)	(2,785)
At 30 June 2007 (As restated)	400,000	730,035	13	5,681	-	58,080	58,080	1,946	60,026
At 31 December 2007 (As previously reported)									
Effect of restatement in accordance with IAS 8 (see note 8)	-	-	-	-	-	-	-	-	-
At 31 December 2007 (As restated)	400,000	730,035	13	14,086	-	(436,103)	708,031	29,835	737,866
Transfers to capital	100,000	(16,000)	-	14,086	-	(425,945)	718,189	29,835	748,024
Gain/(loss) on available for sale investments, net	-	-	-	(76,057)	-	(84,000)	-	-	-
Dividends paid	-	-	-	-	-	-	(76,057)	-	(76,057)
Change in minority interest	-	-	-	-	-	(2,815)	(2,815)	-	(2,815)
Income / (loss) for the period	-	-	-	-	-	-	-	(377)	(377)
Tangible and intangible assets revaluation differences	-	-	-	-	-	73,503	73,503	(3,606)	69,897
At 30 June 2008	500,000	714,035	13	(61,971)	28,378	(28,378)	-	-	-
	500,000	714,035	13	(61,971)	28,378	(467,635)	712,820	25,852	738,672

The accompanying notes form an integral part of these financial statements

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2008

	1 January- 30 June 2008 TRY '000	As Restated (See note 8) 1 January- 30 June 2007 TRY '000
Cash Flows from Operating Activities:		
Net Profit for the Period	69,897	60,026
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation of property and equipment booked in operating expenses	864	1,630
Amortization of intangible assets	96	75
Impairment losses on loans and receivables	(3,616)	2,724
Employment termination benefits	163	(603)
Income from associates	(19,634)	(6,308)
Other provision expenses	4,021	(50)
Deferred tax (benefit) / charge	9,019	7,438
Accrued (income) / expense (net)	(26,706)	9,652
Minority interest	3,606	(1,946)
Unrealized gains/losses effect on non-operating activities	8,377	(28,026)
Operating profits before changes in operating assets/liabilities	46,087	44,612
Changes in Operating Assets and Liabilities:		
(Increase)/decrease loans and leasing receivables	(216,672)	(344,852)
(Increase)/decrease in other assets	(6,434)	(19,112)
Increase/(decrease) in other creditors, taxes & liabilities	(109,209)	400,670
	(332,315)	36,706
Income taxes paid	(17,368)	(16,369)
Net Cash Provided by/ (Used in) Operating Activities	(349,683)	20,337
Cash Flows from Investing Activities:		
(Increase) in reserve requirements with the Central Bank	(8,889)	4,519
(Increase) in balances with banks	(594)	(2,856)
(Increase) in investments held for trading	55,399	(35,807)
(Increase) / decrease in investments	70,670	(293,114)
(Purchase) / sale of premises and equipment and investment property	2,830	(4,055)
Purchase of premises and equipment	(2,980)	7,360
Purchase of intangible assets	171	(208)
Net Cash Provided by/ (Used in) Investing Activities	116,607	(324,161)
Cash Flow from Financing Activities:		
Increase in capital	-	-
New borrowings	655,236	859,637
Repayment of borrowings	(423,077)	(470,828)
Increase in / (repayment of) obligations under finance lease	119	(638)
Dividends paid	(2,815)	(2,724)
Net Cash Provided by/ (Used in) Financing Activities	229,463	385,447
Net Increase / (Decrease) in Cash and Cash Equivalents	42,475	126,235
Effect of inflation on cash and cash equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Period	51,802	105,834
Cash and Cash Equivalents at the End of the Period	94,277	232,069

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

1. ACTIVITIES OF THE BANK AND THE GROUP

Information about the Bank and its Subsidiaries

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

Ever since its foundation in 1950, TSKB has played an active role in every stage of Turkey's economic development. The Bank, through its support and extension of medium - term loans for more than 4,000 investment projects, has contributed significantly to the progress and development of the private sector. Over the past 35 years, the Bank provided financing through participating in the share capital of more than 100 companies. Furthermore, through offering the equity shares of such companies to the public, TSKB has been a significant milestone in this field and thus assumed a prominent and vital role in fostering the development of capital markets. The main shareholders of TSKB are T. İş Bankası Group and T. Vakıflar Bankası T.A.O. with the percentages of 50.10% and 8.38%, respectively.

Yatırım Finansman Menkul Değerler A.Ş.:

Yatırım Finansman Menkul Değerler A.Ş. was established and registered with İstanbul Trade Registry on 15 October 1976 and it was announced in the Turkish Trade Registry Gazette No: 81 on 25 October 1976. The name of the Company was changed into Yatırım Finansman Menkul Değerler A.Ş. by the announcement made in the Turkish Trade Registry Gazette No: 4762 on 2 April 1999. The Company's purpose is to perform capital market operations specified in the Company's main contract in accordance with the Capital Markets Board ("CMB") and the related legislation. The Company was merged with the Bank's subsidiary TSKB Menkul Değerler A.Ş. on 29 December 2006, operating in the same sector.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.:

The core business of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. is real estate trust to construct and develop a portfolio of properties and invest in capital market instruments linked to properties. The Company was established on 3 February 2006. This Company's real estate portfolio includes the Head Office building of the Bank in which it operates.

Yatırım Finansman Yatırım Ortaklığı A.Ş.:

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

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

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

TSKB Yatırım Ortaklığı A.Ş.:

The Company was established under the name of SYB Yatırım Ortaklığı A.Ş. on 10 November 2000. The Company's name, Sınai Yatırım Bankası Yatırım Ortaklığı A.Ş., was changed into TSKB Yatırım Ortaklığı A.Ş. on 17 April 2003 since Sınai Yatırım Bankası A.Ş. ceased to operate and it was transferred to TSKB. The name change was published in the Turkish Trade Registry Gazette No: 5784 on 24 April 2003. The Company's headquarters is in İstanbul.

The purpose of TSKB Yatırım Ortaklığı A.Ş. is to manage capital market instruments and gold or other precious metal portfolios in the local or international markets or over-the-counter markets, without having the control or significant effect over/on management and capital of the investees, under the principles and guidelines specified by the related legislation.

İş Finansal Kiralama A.Ş.:

İş Finansal Kiralama A.Ş. was established on 8 February 1988 and it has been performing its operations in accordance with the Turkish Leasing Law No: 3226. The Company started its leasing operations in July 1998. The Company is a Türkiye İş Bankası A.Ş. Group entity. The Company's headquarters is located at İş Kuleleri, Kule:2 Kat:10 34330 Levent-İstanbul/Turkey.

İş Factoring Finansman Hizmetleri A.Ş.:

İş Factoring Finansman Hizmetleri A.Ş., was incorporated in Turkey on 4 July 1993 and started its operations in October 1993. The Company's main operation is domestic and export factoring transactions. The Company is a Türkiye İş Bankası A.Ş. Group entity and its parent is İş Finansal Kiralama A.Ş. with 78.23% shareholding. The share of TSKB is 21.75%.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.:

The principal business of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. is to make long-term investments in existing companies in Turkey or to be established in Turkey, having a development potential and are in need of financing. The Company is continuing its operations at İş Kuleleri Kule 2, Kat:8, Levent, İstanbul. The Company is a Türkiye İş Bankası A.Ş. Group entity.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

2. BASIS OF FINANCIAL STATEMENTS

The interim consolidated financial statements as of 30 June 2008 have been prepared in accordance with IAS 34 (Interim Financial Reporting).

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

The interim consolidated financial statements have been prepared on a basis consistent with the accounting policies set out in the financial statements of the Group for the year ended 31 December 2007. The financial statements of the Group as at and for the year-ended 31 December 2007 are available upon request from the Bank's registered office at Meclis-i Mebusan Cad. No:161 34427 Fındıklı, İstanbul, Turkey.

The Bank's statutory consolidated financial statements for the period ended 30 June 2008 were approved by the Board of Directors on 21 August 2008.

3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

In the current period, the Parent Bank's share capital has increased by TRY 100,000 Thousand. TRY 84,000 Thousand of this increase, in respect of the resolution of the General Assembly, is transferred from the profit of the year 2007 and TRY 16,000 Thousand from the share capital inflation restatement adjustment. The increase in the paid capital is approved by the BRSA on 11 April 2008 and by the resolution of the Capital Markets Board numbered 15/582 on 23 May 2008. The registration has been completed by İstanbul Trade Registry on 30 May 2008 and the increase has been recorded to the capital account.

During the current period, the Parent Bank obtained TRY 12,995 Thousand bonus shares through the capital increase of İş Finansal Kiralama A.Ş., amounting to TRY 45,500 Thousand and also the Parent Bank obtained TRY 8,141 Thousand bonus shares through the capital increase of Yatırım Finansman Menkul Değerler A.Ş., amounting to TRY 8,500 Thousand.

4. SEGMENT INFORMATION

Business Segments

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

Principal activities of the Group are as follows:

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

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

Geographical Segments

The Group's operations are mainly located in Turkey.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008**

4. SEGMENT INFORMATION (cont'd)

STATEMENT OF INCOME Period ending 30 June 2008	Banking TRY'000	Securities Brokerage and Other TRY'000	Combined TRY'000	Eliminations TRY'000	Total TRY'000
Interest Income	218,876	3,012	221,888	(815)	221,073
Interest Expenses	(115,945)	(487)	(116,432)	-	(116,432)
Net Interest Income / (Expenses)	102,931	2,525	105,456	(815)	104,641
Net Fee and Commission Income / (Expenses)	1,782	6,613	8,395	-	8,395
Net Foreign Currency Gains / (Losses)	(13,206)	(1,758)	(14,964)	-	(14,964)
Net Securities Trading Gains / (Losses)	4,924	(3,538)	1,386	-	1,386
Total Trading Income / (Loss)	(6,500)	1,317	(5,183)	-	(5,183)
(Provision for)/Recoveries from Impairment on Loans and Receivables, net	(3,727)	-	(3,727)	111	(3,616)
Net Operating Income / (Loss) After Impairment Losses	92,704	3,842	96,546	(704)	95,842
Other Operating Income	11,845	5,078	16,923	(10,022)	6,901
Other Operating Expenses	(26,263)	(13,326)	(39,589)	2,869	(36,720)
Income / (Loss) From Associates Accounted for Under Equity Method	-	-	-	19,634	19,634
Income / (Loss) Before Taxation	78,286	(4,406)	73,880	11,777	85,657

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008**

4. SEGMENT INFORMATION (cont'd)

STATEMENT OF INCOME Period ending 30 June 2007	Banking TRY'000	Securities Brokerage and Other TRY'000	Combined TRY'000	Eliminations TRY'000	Total TRY'000
Interest Income	187,468	4,095	191,563	-	191,563
Interest Expenses	(128,514)	(88)	(128,602)	-	(128,602)
Net Interest Income / (Expenses)	58,954	4,007	62,961	-	62,961
Net Fee and Commission Income / (Expenses)	12,256	8,067	20,323	-	20,323
Net Foreign Currency Gains / (Losses)	(12,201)	(1)	(12,202)	-	(12,202)
Net Securities Trading Gains / (Losses)	17,271	2,742	20,013	-	20,013
Total Trading Income / (Loss)	17,326	10,808	28,134	-	28,134
(Provision for)/Recoveries from Impairment on Loans and Receivables, net	610	-	610	-	610
Net Operating Income / (Loss) After Impairment Losses	76,890	14,815	91,705	-	91,705
Other Operating Income	14,285	935	15,220	(11,629)	3,591
Other Operating Expenses	(21,077)	(8,778)	(29,855)	516	(29,339)
Income / (Loss) From Associates Accounted for Under Equity Method	-	-	-	6,308	6,308
Income / (Loss) Before Taxation	70,098	6,972	77,070	(4,805)	72,265

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008**

4. SEGMENT INFORMATION (cont'd)

BALANCE SHEET

At 30 June 2008

	Banking TRY'000	Securities Brokerage and other TRY'000	Combined TRY'000	Eliminations TRY'000	Total TRY'000
Total Assets	5,241,272	265,841	5,507,113	(221,063)	5,286,050
Liabilities	4,474,821	113,725	4,588,546	(41,168)	4,547,378
Shareholders' Equity Before Net Income	703,892	156,557	860,449	(195,280)	665,169
Net Income / (Loss) Attributable to Equity Holders of the Parent	62,559	(4,441)	58,118	15,385	73,503
Total Shareholders' Equity	766,451	152,116	918,567	(179,895)	738,672
Total Liabilities and Shareholders' Equity	5,241,272	265,841	5,507,113	(221,063)	5,286,050
<u>At 31 December 2007</u>					
Total Assets	4,896,861	261,298	5,158,159	(230,173)	4,927,986
Liabilities	4,107,777	102,832	4,210,609	(30,647)	4,179,962
Shareholders' Equity Before Net Income	655,281	142,004	797,285	(167,035)	630,250
Net Income / (Loss) Attributable to Equity Holders of the Parent	133,803	16,462	150,265	(32,491)	117,774
Total Shareholders' Equity	789,084	158,466	947,550	(199,526)	748,024
Total Liabilities and Shareholders' Equity	4,896,861	261,298	5,158,159	(230,173)	4,927,986

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

5. RELATED PARTY TRANSACTIONS AND BALANCES

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

	30 June 2008 TRY'000	31 December 2007 TRY'000
<u>Balances with related parties</u>		
Loans and advances to customers	31,422	49,127
Non-cash loans	24,515	24,515
Due from other banks	5,846	6,990
Other assets	9,473	9,905
Other liabilities	1,189	5,013

	1 January -30 June 2008 TRY'000	1 January -30 June 2007 TRY'000
<u>Transactions with related parties</u>		
Interest and similar income	1,605	2,290
Interest expenses and similar changes	(2,667)	(768)
Dividend income	23,324	11,649
Foreign exchange gains (losses) - net	(2,874)	(678)
Net fee and commission income	108	136
Other income	435	-
Other expenses	-	(79)

Compensation of Key Management Personnel of the Group

The executive and non-executive members of the Board of Directors and management received remuneration and fees totalling TRY 7,594 thousand (30 June 2007: TRY 4,638 thousand).

6. COMMITMENTS AND CONTINGENCIES

	30 June 2008 TRY'000	31 December 2007 TRY'000
Letters of guarantee	274,960	217,054
Letters of loan commitments	1,149,707	578,359
Letters of credit commitments	203,225	176,439
Swap and forward agreements	829,791	645,367
Option agreements	3,693,864	5,369,926
Futures agreements	459,359	411,748
Other commitments	215,531	575,044
	<u>6,826,437</u>	<u>7,973,937</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

6. COMMITMENTS AND CONTINGENCIES (Cont'd)

Fiduciary Activities

The Group provides custody, investment management and advisory services to third parties. Those assets that are held in a fiduciary capacity are not included in the accompanying financial statements.

The nominal values of the assets held by the Group in agency or custodian capacities and financial assets under portfolio management amounted to TRY TRY 2,291,930 as at 30 June 2008 (31 December 2007: TRY 2,782,367 Thousand). As of 30 June 2008, securities at custody with market value of TRY 1,453,787 (31 December 2007: TRY 1,707,684).

Securites Blocked and Letters of Guarantee Given to Istanbul Stock Exchange (ISE) as Collateral for Trading on Markets

As of 30 June 2008, according to the general requirements of the ISE, letters of guarantee amounting TRY 7,190 Thousand (31 December 2007: TRY 7,190 Thousand) had been obtained from various local banks and were provided to ISE for bond and stock market transactions. Also, as of 30 June 2008 according to the general requirements, letters of guarantee amounting to TRY 902 Thousand (31 December 2007: TRY 902 Thousand), were given to the Capital Markets Board.

The Group's trading securities given as collateral or blocked amounted to TRY 11,200 Thousand at the balance sheet date (31 December 2007: TRY 11,238 Thousand).

Litigation

In the normal course of its operations, the Group can be constantly faced with legal disputes, claims and complaints. The necessary provision, if any, for those cases are provided based on management estimates and professional advice.

Other

The Group's 4 head offices and 13 branches, including branches of subsidiaries, are subject to operational leasing. The lease periods vary between 1 and 5 years and there are no restrictions placed upon the lessee by entering into these leases.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008****7. DERIVATIVE FINANCIAL INSTRUMENTS**

	2008 Assets <u>TRY'000</u>	2008 Liabilities <u>TRY'000</u>	2007 Assets <u>TRY'000</u>	2007 Liabilities <u>TRY'000</u>
Currency swaps	6,420	5,431	5,960	20,771
Options	20,601	23,168	23,805	23,688
Forward foreign exchange contracts	1,127	249	1,700	610
Interest rate swaps	10,483	13,547	1	1
Others	38	101	-	142
	<u>38.669</u>	<u>42.496</u>	<u>31,466</u>	<u>45,212</u>

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

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

	30 June 2008 <u>TRY'000</u>	31 December 2007 <u>TRY'000</u>
Forward foreign exchange contracts – buy	66,424	81,032
Forward foreign exchange contracts – sell	63,495	77,140
Futures – buy	-	8,497
Futures – sell	459,359	403,251
Currency swaps – buy	350,115	238,746
Currency swaps – sell	349,125	247,680
Interest rate swaps – buy	327	396
Interest rate swaps – sell	305	373
Currency options – buy	1,812,126	2,630,125
Currency options – sell	1,814,186	2,625,890
Interest rate options – buy	33.776	30.036
Interest rate options – sell	33.776	30.036
Securities options – buy	-	53.839
Securities options – sell	-	-
Other – buy	63,407	243,789
Other – sell	52,914	240,017

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

8. RESTATEMENT AND RECLASSIFICATIONS

Subsequent to the issuance of the Bank's consolidated financial statements for the years ended 31 December 2007 and for the period ended 30 June 2007, the Bank's management determined that portfolio allowance for impairment losses on loans in accordance with IAS 39 would require restatement of such financial statements. As a result, the 31 December 2007 and 30 June 2007 consolidated financial statements and related disclosures have been restated to reflect the following changes:

The effect of the major restatements is shown in the table below:

	31 December 2007 TRY'000		30 June 2007 TRY'000	
	As previously reported	As restated	As previously reported	As restated
Loans	2,739,114	2,751,812	2,626,251	2,636,793
Portfolio allowance for impairment losses on loans	(15,528)	(2,830)	(13,558)	(3,017)
Deferred tax asset	10,255	7,715	6,497	4,389
Accumulated Losses	(436,103)	(425,945)	(488,445)	(480,012)

9. EARNINGS PER SHARE

Earnings per share disclosed in the accompanying consolidated statement of income are calculated by dividing the net earnings (loss) attributable to ordinary shareholders by the weighted average number of shares outstanding during the period concerned.

A summary of the weighted average number of shares outstanding for the periods ended 30 June 2008 and 2007 and the basic earnings per share calculation is as follows (assuming that the cash increases did not involve a bonus element):

	30 June 2008	30 June 2007
Number of shares outstanding at 1 January	400,000,000	300,000,000
New shares issued		
Conversion of existing reserves	100,000,000	200,000,000
Number of shares outstanding at the period end	500,000,000	500,000,000
Weighted average number of shares during the period	500,000,000	500,000,000
Net profit / (loss) (TRY thousand)	69,897	60,026
Basic earnings / (loss) per share (in full TRY)	0.1398	0.1201

10. SUBSEQUENT EVENTS

None.