

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

**INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE YEAR ENDED
DECEMBER 31, 2009**

*Translated into English from the
Original Turkish Report*

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

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

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR JANUARY 1, 2009 – DECEMBER 31, 2009**

We have audited the accompanying consolidated balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. and its financial subsidiaries ("the Group") as at December 31, 2009 and the related consolidated statements of income, cash flows and changes in equity and 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 The Accounting Practices And Documentation of Banks" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2009 and the results of its consolidated operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 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**

Sibel Türker
Partner

İstanbul, February 10, 2010

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2009**

E-mail Address for communication: GOKTASM@tskb.com.tr

The consolidated financial report designed by the Banking Regulation and Supervision Agency in line with “Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures” consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITORS’ REPORT

The subsidiaries, associates and joint ventures, financial statements of which are consolidated within the framework of the reporting package, are as follows:

Subsidiaries	Associates
Yatırım Finansman Menkul Değerler A.Ş. TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. TSKB Yatırım Ortaklığı A.Ş.	İş Finansal Kiralama A.Ş. İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. İş Factoring Finansman Hizmetleri A.Ş.

The accompanying consolidated financial statements and the explanatory footnotes and disclosures for the year ended, unless otherwise indicated, are prepared in thousands of Turkish Lira (“TRY”), in accordance with the Communiqué on Banks’ Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks’ records, and have been independently audited and presented as attached.

February 10, 2010

H. Ersin ÖZİNCE

Halil EROĞLU

Ömer ERYILMAZ

Mustafa GÖKTAŞ

**Chairman of
Board of Directors**

**Member of Board of
Directors and General
Manager**

**Executive Vice
President In Charge of
Financial Reporting**

**Head of Financial
Control Department**

Kemal Serdar DİŞLİ

Murat BİLGİÇ

Member of Audit Committee

Member of Audit Committee

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

Name-Surname/Title : Mustafa GÖKTAŞ / Head of Financial Control Department
Telephone Number : (212) 334 51 92

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TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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FOR THE YEAR ENDED DECEMBER 31, 2009

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

SECTION ONE

GENERAL INFORMATION

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

The Parent Bank was established in accordance with the decision of President of the Republic of Turkey numbered 3/11203 on May 12, 1950. This decision was declared by T.R. Office of Prime Ministry Procedures Directorate Decision Management on May 12, 1950.

According to the classification set out in the Banking Law No: 5411, the statute of the Parent Bank is "Development and Investment Bank". The Bank does not have the authority of "Accepting Deposit". Since the establishment date of the Bank, there is no change in its "Development and Investment Bank" status.

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

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

Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	300.720	50,12	300.720	-
T. Vakıflar Bankası T.A.O.	50.265	8,38	50.265	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	249.002	41,50	249.002	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	600.000	100,00	600.000	-

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)	13	-	13	-
Total	500.000	100,00	500.000	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE (Cont'd)

GENERAL INFORMATION (Cont'd)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistant General Managers and Their Shares in the Parent Bank

<u>Title (*)</u>	<u>Name and Surname</u>	<u>Academic Background</u>	<u>Task</u>	<u>Experience in Banking and Management Before Appointment</u>
Chairman of Board of Directors	H. Ersin Özince (**)	Undergraduate		33 years
Vice Chairman of Board of Directors	Kadir Akgöz	Undergraduate		28 years
Members of Board of Directors	Yavuz Canevi	Postgraduate		13 years
	Süleyman Kalkan (***)	Undergraduate		26 years
	Mustafa Baran Tuncer	Doctorate		28 years
	Ertan 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 Board of Directors and General Manager	Halil Eroğlu	Undergraduate	CEO	24 years
Member of Audit Committee	Kemal Serdar Dışli	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 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>
Chairman of Board of Directors	İsmet Cahit Kocaömer	H. Ersin Özince
Members of Board of Directors	Mahmut Magemizoğlu	Süleyman Kalkan

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

(**) In the General Assembly held on March 25, 2009 İsmet Cahit Kocaömer who was the Chairman of the Board of Directors resigned his duty due to termination of term of office and H. Ersin Özince was appointed and declared as a member of the Board of Directors. In the Board of Directors meeting held on April 3, 2009, H. Ersin Özince was appointed as Chairmen of the Board of Directors.

(***) In the Board of Directors Meeting held on March 25, 2009, Mahmut Magemizoğlu who was the member of the Board of Directors resigned from his duty due to termination of the term of office and Süleyman Kalkan was appointed and declared as a member of the Board of Directors.

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

SECTION ONE (Cont'd)

GENERAL INFORMATION (Cont'd)

IV. Information about the Persons and Institutions that have Qualified Shares

T. İş Bankası A.Ş. (İş Bank) Group owns the qualified shares that control the Parent Bank's capital directly or indirectly.

Current Period

Name Surname/Commercial Title	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
T. İş Bankası A.Ş. Group	300.720	50,12	300.720	-
T. Vakıflar Bankası T.A.O.	50.265	8,38	50.265	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	249.002	41,50	249.002	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	600.000	100,00	600.000	-

Prior Period

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	-	11	-
Total	500.000	100,00	500.000	-

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

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Parent Bank") is the first private investment and development bank which was established by the Council of Ministers resolution number of 3/11203 established in 1950 with the support of World Bank, T.R. Government, T.R. Central Bank and commercial banks. As per the articles of association published in the Official Gazette on June 2, 1950, the aim of TSKB is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services.

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

The Parent Bank has opened two branches in İzmir 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. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

I.a Presentation of Financial Statements:

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

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

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 was removed both from New Turkish Lira and the New Turkish Cent as of January 1, 2009.

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

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

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The main sources of the funds of the Group have variable interest rates. The financial balances are monitored frequently and constant and variable interest rate placements are undertaken according to the return on the alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

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

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

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors' expectations and their tendencies, interest-liquidity and other similar factors. Prudence principle is adopted in the placement decisions. The long term placements are made under project finance. A credit policy is implemented such a way that harmonizing the profitability of the projects, the collateral and the value add introduced by the Parent Bank.

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

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

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

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

The hedging strategies for other foreign exchange risk exposures:

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

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

III. Information about the Parent Bank and its Subsidiaries subject to Consolidation

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş., TSKB Yatırım Ortaklığı A.Ş., are included in the accompanying consolidated financial statements by line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Factoring Finansman Hizmetleri A.Ş. are included in the accompanying consolidated financial statements by equity method. Financial institutions included in the consolidation are determined in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated November 8, 2006 numbered 26340. The Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in the Turkish Commercial Code and/or Financial Leasing Law and communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of December 31, 2009.

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

Yatırım Finansman Menkul Değerler A.Ş.:

Yatırım Finansman Menkul Değerler A.Ş. was established and registered in Istanbul Trade Registry on October 15, 1976 and it was announced in the Turkish Trade Registry Gazette No: 81 on October 25, 1976. Name of the Company was changed into Yatırım Finansman Menkul Değerler A.Ş. by the announcement made in the Turkish Trade Registry Gazette No: 4762 on April 2, 1999. The Company’s purpose is to perform capital market operations specified in the Company’s main contract in accordance with the CMB and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on December 29, 2006.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.

Core business of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The Company was established on February 3, 2006.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

Yatırım Finansman Yatırım Ortaklığı A.Ş.:

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

In the Board of Directors' meetings of the Parent 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. In the Competition Board's meeting held on February 4, 2009 and 09/04/67-24 numbered, it has been permitted that these two entities could merge. TSKB Yatırım Ortaklığı A.Ş. and Yatırım Finansman Yatırım Ortaklığı A.Ş., associates of the Parent Bank, merged under TSKB Yatırım Ortaklığı A.Ş. on June 25, 2009 according to prior approval of the Capital Market Board on May 13, 2009 and resolution of extraordinary General Assembly, by ceasing all rights, receivables, liabilities and legal jurisdiction of Yatırım Finansman Yatırım Ortaklığı A.Ş.

TSKB Yatırım Ortaklığı A.Ş.:

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

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

İş Finansal Kiralama A.Ş.:

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

İş Factoring Finansman Hizmetleri A.Ş.:

İş Factoring Finansman Hizmetleri A.Ş., was incorporated in Turkey on July 4, 1993 and started its operations in October 1993. The Company's main operation is domestic and export factoring transactions. The Company is a Türkiye İş Bankası A.Ş. Group entity and the parent is İş Finansal Kiralama A.Ş. with 78,23% shareholding. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 21,75%.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.:

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

The derivative instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Some of the derivative instruments, although economical hedges, are accounted for as trading transactions since they are not qualified to be a hedging instrument as per “Financial Instruments: Recognition and Measurement” (“TAS 39”). Realized gains or losses are reflected in the statement of income on these derivative instruments. Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or exempt income according to the current tax legislation.

The Group has no derivative instruments used for hedging purposes.

V. Interest Income and Expenses

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method (the rate that equalizes the future cash flows of financial assets and liabilities to the current net book value).

In the current period, the Parent Bank adopts discount of future cash flows method by excluding realized cash flows of financial assets or liabilities for the effective interest rate calculation. The effect of this application is accounted as interest income on loans and securities and interest expense on funds borrowed in the financial statements in the current period. If such change had not been made, accounts subject to the change would have been TRY 192 million, TRY 269 million and TRY 102 million, respectively.

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

VI. Fees and Commission Income and Expenses

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

VII. Explanations and Disclosures on Financial Assets

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

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

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

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

Fair value differences are not accounted for assets presented at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders' equity.

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

Cash, Banks, and Other Financial Institutions;

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

Marketable Securities:

The Group classifies its marketable securities in three groups:

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

In this category, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of securities that are traded in an active market are determined based on quoted prices or current market prices.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to interest income or impairment on marketable securities accounts. Interest income and dividends from financial assets at fair value through profit and loss are reflected in interest income and dividend income.

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income in the income statement.

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

Loans:

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

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

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.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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

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

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

VIII. Explanations on Impairment on Financial Assets

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

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

IX. Offsetting of Financial Assets and Liabilities

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

Funds provided under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements-TRY” and “Funds Provided under Repurchase Agreements-FC” accounts.

All of the repurchase agreements of the Group are based on the short-term government bonds. In the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement.

Receivables from reverse repurchase agreements are recorded in “Receivables from Reverse Repurchase Agreements” account in the balance sheet.

XI. Explanations on Assets Held for Sale and Discontinued Operations

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XII. Explanations on Goodwill and Other Intangible Assets

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

Intangible assets that are acquired prior to January 1, 2005 are carried at restated historical cost as of December 31, 2004; and those acquired subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated over their expected useful lives. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis over 5 years.

XIII. Explanations on Tangible Fixed Assets

The tangible fixed assets, purchased before January 1, 2005, are accounted for at their restated costs as of December 31, 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment.

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

Normal maintenance and repair cost of the properties are expensed.

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

Tangible fixed assets are depreciated with straight-line method and their useful lives are determined in accordance with the Turkish Accounting Standards.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XIV. Explanations on Leasing Transactions

The Group as Lessor

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

The Group as Lessee

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

XV. Explanations on Provisions and Contingent Liabilities

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

XVI. Explanations on Liabilities Regarding Employee Benefits

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

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

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

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

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

Present value for the liabilities of the transferees as of the transfer date would be calculated by a commission that involves representatives of Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, 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, 2009 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per February 4, 2010 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 Parent Bank's management anticipates that any liability that may come out during the transfer period and after in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Parent Bank.

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XVII. Explanations on Taxation

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

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax asset or liability 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 is accounting 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 also offset.

The Group has adjusted its statutory financial statements as per the inflation accounting as of January 1, 2004 in accordance with the repeated article numbered 298 in Tax Procedure Law numbered 213 which was changed by the Law No. 5024.

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

XVIII. Additional Explanations on Borrowings

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XIX. Explanations on Share Certificates

In the current period, the Parent Bank's share capital has increased by TRY 100.000 Thousand. In the meeting of the General Assembly held on March 25, 2009; it has been resolved that, paid-in capital of the Bank will be increased from TRY 500.000 Thousand to TRY 600.000 Thousand by TRY 100.000 Thousand. In respect of the resolution of the General Assembly, TRY 96.000 Thousand of this increase will be incorporated from the profit of the year 2008 and TRY 4.000 Thousand from extraordinary reserves. The increase in paid-in capital was approved by BRSA on April 29, 2009 and the registration has been completed on June 12, 2009. The increase in paid in capital has been published in the Turkey Trade Registry Gazette No: 7335 on June 18, 2009.

In the prior period, the Parent 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. Istanbul Trade Registry on May 30, 2008 and the increase has been recorded to the capital account.

XX. Explanations on Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XXI. Explanations on Government Incentives

The Parent Bank doesn't use government incentives.

XXII. Explanations on Segment Reporting

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

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

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

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SECTION THREE (Cont'd)

ACCOUNTING POLICIES (Cont'd)

XXII. Explanations on Segment Reporting (Cont'd)

The segmental allocation of the Group's net profit with total assets and total liabilities are shown below.

Current Period	Corporate	Investment Banking	Other	Total
Net Interest Income	102.167	153.043	2.856	258.066
Net Commission and Fees Income	3.662	2.855	17.853	24.370
Other Income	20.069	2.234	110.100	132.403
Other Expense	(55.795)	(26.989)	(34.202)	(116.986)
Profit Before Tax	70.103	131.143	96.607	297.853
Tax Provision				(36.955)
Net Profit				260.898
Current Period	Corporate	Investment Banking	Other	Total
Segment Assets	3.823.465	2.890.568	396.552	7.110.585
Investment in Associates and Subsidiaries	-	-	159.457	159.457
Total Assets	3.823.465	2.890.568	556.009	7.270.042
Segment Liabilities	4.192.923	1.677.140	259.370	6.129.433
Shareholder's Equity	-	-	1.140.609	1.140.609
Total Liabilities	4.192.923	1.677.140	1.399.979	7.270.042
Prior Period	Corporate	Investment Banking	Other	Total
Net Interest Income	117.408	132.812	1.675	251.895
Net Commission and Fees Income	6.052	1.742	8.222	16.016
Other Income	5.336	-	38.826	44.162
Other Expense	(45.959)	(54.953)	(65.384)	(166.296)
Profit Before Tax	82.837	79.601	(16.661)	145.777
Tax Provision				(29.313)
Net Profit				116.464
Prior Period	Corporate	Investment Banking	Other	Total
Segment Assets	3.814.445	2.062.969	341.414	6.218.828
Investment in Associates	-	-	121.087	121.087
Total Assets	3.814.445	2.062.969	462.501	6.339.915
Segment Liabilities	4.018.499	1.352.139	161.252	5.531.890
Shareholder's Equity	-	-	808.025	808.025
Total Liabilities	4.018.499	1.352.139	969.277	6.339.915

XXIII. Explanations on Other Matters

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.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The capital adequacy ratio is 23,22% as at December 31, 2009 (December 31, 2008: 19,70%). Related to the calculation of the capital adequacy ratio, the risk weighted assets, the obligations, 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)

Amounts Subject to Credit Risk	Risk Weight (*)				Risk Weight (*)			
	Bank				Consolidated			
	0 %	20 %	50 %	100 %	0 %	20 %	50 %	100 %
Balance Sheet items (Net)	335.196	790.113	824.013	2.758.860	347.979	991.225	676.427	2.859.630
Cash	231	-	-	-	297	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	2.873	-	-	-	2.873	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	154.462	-	-	-	354.828	-	-
Interbank Money Market Placements	-	-	-	-	168	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	5.601	-	-	-
Reserve Deposits	17.966	-	-	-	17.966	-	-	-
Loans	300	593.587	741.692	2.287.246	300	593.587	605.939	2.303.073
Non-performing Loans (Net)	-	-	-	-	-	-	-	-
Financial Lease Receivables	441	27.975	20.385	85.214	441	27.975	20.385	85.214
Available-for-Sale Financial Assets	-	-	-	-	-	-	-	-
Held to Maturity Investments	273.582	-	-	-	279.398	-	-	2.500
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	2.312	-	-	-	85.711
Interest and Income Accruals (*)	7.027	14.089	61.936	122.620	7.682	14.835	50.103	123.147
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	7.597	-	-	236.628	7.597	-	-	1.062
Tangible Assets	-	-	-	21.139	-	-	-	236.077
Other Assets	25.179	-	-	3.701	25.656	-	-	22.846
Off-Balance Sheet Items	937.923	80.021	14.246	267.554	937.923	80.021	14.246	267.554
Guarantees and Commitments	937.923	60.753	14.246	266.779	937.923	60.753	14.246	266.779
Derivative Financial Instruments	-	19.268	-	775	-	19.268	-	775
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	1.273.119	870.134	838.259	3.026.414	1.285.902	1.071.246	690.673	3.127.184

(*)The Group has no assets and liabilities for risk weights 10%, 150%, and 200%.

Summary information related to the capital adequacy ratio:

	Bank	Consolidated	Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Total Risk Weighted Assets (TRWA)	3.619.570	3.686.770	3.505.155	3.507.578
Amount Subject to Market Risk (ASMR)	519.238	561.975	374.888	400.788
Amount Subject to Operational Risk (ASOR)	330.695	313.447	280.666	259.673
Shareholders' Equity	1.113.335	1.059.429	878.510	821.267
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	24,91	23,22	21,11	19,70

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

Information related to the components of shareholders' equity:

	Bank	Consolidated	Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
CORE CAPITAL				
Paid-in capital	600.000	600.000	500.000	500.000
Nominal capital	600.000	600.000	500.000	500.000
Capital commitments (-)	-	-	-	-
Inflation adjustment to share capital	374	374	374	374
Share premium	-	22	-	43
Share cancellation profits	-	-	-	-
Legal reserves	55.900	57.395	42.581	43.809
First legal reserve (Turkish Commercial Code 466/1)	28.184	29.407	22.235	23.027
Second legal reserve (Turkish Commercial Code 466/2)	27.716	27.936	20.346	20.730
Other legal reserve per special legislation	-	52	-	52
Statutory reserves	28.184	28.184	22.235	22.235
Extraordinary reserves	99.712	110.158	102.699	112.528
Reserves allocated by the General Assembly	96.792	107.238	99.779	109.608
Retained earnings	2.920	2.920	2.920	2.920
Accumulated losses	-	-	-	-
Foreign currency share capital exchange differences	-	-	-	-
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	-	-	-	-
Profit	174.888	251.274	118.981	121.264
Current period profit	174.888	251.274	118.981	121.264
Prior years' profits	-	-	-	-
Provisions for possible losses up to 25% of core capital	-	-	25.000	25.000
Gains on sale of associates and subsidiaries and properties to be added to capital	28.378	28.378	28.378	28.378
Primary subordinated loans up to 15% of the Core Capital	-	-	-	-
Minority shares	-	26.955	-	24.331
Losses that cannot be covered by reserves (-)	-	(14.734)	-	(15.511)
Net current period loss	-	-	-	-
Prior years' losses	-	(14.734)	-	(15.511)
Leasehold improvements (-)	(412)	(412)	-	-
Prepaid expenses (-)	(4.824)	(4.989)	(3.368)	(3.437)
Intangible assets (-)	(518)	(904)	(437)	(737)
Deferred tax asset exceeding 10% of the Core Capital	-	-	-	-
Excess amount as per the Article 56, Clause 3 of the Banking Law	-	-	-	-
Goodwill (Net) (-)	-	(1.005)	-	(1.005)
Total Core Capital	981.682	1.080.696	836.443	857.272

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	Current Period		Prior Period	
	Bank	Consolidated	Bank	Consolidated
SUPPLEMENTARY CAPITAL				
General Loan Loss Provisions	33.463	31.682	32.598	31.189
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	-	-	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-	-	-
Secondary subordinated loans	74.850	74.850	75.800	75.800
Marketable securities value increase fund	24.012	23.671	(65.191)	(29.426)
Associates and subsidiaries	1.853	1.581	(36.196)	(445)
Available for sale securities	22.159	22.090	(28.995)	(28.981)
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Total supplementary capital	132.325	130.203	43.207	77.563
TIER III CAPITAL	-	-	-	-
CAPITAL	1.114.007	1.210.899	879.650	934.835
DEDUCTIONS FROM THE CAPITAL	(672)	(151.470)	(1.140)	(113.568)
Shareholdings in non-consolidated banks and financial institutions	-	-	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-	-	-
Banks and financial institutions to which are accounted for under equity method, but, are not consolidated	-	(150.798)	-	(112.428)
Loans extended being non-compliant with articles 50 and 51 of the 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	(672)	(672)	(1.140)	(1.140)
Other	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	1.113.335	1.059.429	878.510	821.267

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

II. Explanations Related to Consolidated 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank being an active participant in international banking market is not exposed to a significant degree of credit risk when evaluated with the financial operations of other financial institutions.

The first 100 largest cash loans constitute 89,11% of the total cash loans portfolio of the Parent Bank (December 31, 2008: 88,93 %)

The first 100 largest non cash loans constitute 100% of the total non cash loans portfolio of the Parent Bank (December 31, 2008: 100%)

The first 100 largest cash and non cash loans constitute 86,54% of the total on and off balance sheet accounts (December 31, 2008: 87,64%)

The Parent Bank calculated the general loan loss provision of TRY 31.682 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, 2008: TRY 31.189 Thousand).

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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	2.636.861	2.603.905	549.455	607.337	140.367	72.708	294.533	356.617
Public Sector	-	-	-	-	2.308.421	1.696.400	5.564	-
Banks	-	-	477.070	380.508	24.319	2.873	356.727	213.723
Retail Customers	25.003	7.082	-	-	-	-	-	-
Share Certificates	-	-	-	-	40.717	33.376	-	-
Total	2.661.864	2.610.987	1.026.525	987.845	2.513.824	1.805.357	656.824	570.340
Information according to								
Domestic	2.661.530	2.610.835	962.713	982.935	2.370.935	1.750.496	628.932	426.940
European Union Countries	334	152	10.831	-	92.855	29.494	22.930	140.192
OECD Countries (**)	-	-	-	-	-	-	1.847	1.547
Off-Shore Banking Regions	-	-	52.981	-	25.452	-	101	100
USA, Canada	-	-	-	-	24.582	25.367	3.014	1.561
Other Countries	-	-	-	4.910	-	-	-	-
Total	2.661.864	2.610.987	1.026.525	987.845	2.513.824	1.805.357	656.824	570.340

(*) 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	6.997.428	2.772.318	716.383	197.217	240.479
European Union Countries	124.414	2.229.164	-	2.957	-
OECD Countries (*)	1.633	38.811	-	-	-
Off-Shore Banking Regions	78.470	83.224	-	-	10.795
USA, Canada	27.380	1.895.245	-	-	-
Other Countries	-	6	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	-	-
Total	7.229.325	7.018.768	716.383	200.174	251.274
Prior Period					
Domestic	5.975.053	1.732.404	567.763	151.506	112.096
European Union Countries	166.813	2.657.636	-	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	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	-	-
Unallocated Assets/Liabilities (**)	10.101	55.773	-	-	-
Total	6.185.452	6.218.651	567.763	154.463	121.264

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

(**) Assets and liabilities that are not allocated to segments on a consistent basis.

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

Sector concentration for cash loans

	Cari Dönem				Önceki Dönem			
	TP	(%)	YP	(%)	TP	(%)	YP	(%)
Agricultural	-	-	938	-	26.559	2	1.214	-
Farming and Raising Livestock	-	-	938	-	26.559	2	1.214	-
Forestry, Wood and Paper	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	773.283	51	1.164.677	54	707.332	45	1.077.333	52
Mining and Petroleum	9.575	1	-	-	5.966	-	-	-
Production	370.510	24	490.918	23	357.855	23	623.175	31
Electricity, Gas and Water	393.198	26	673.759	31	343.511	22	454.158	21
Construction	5.133	-	141.795	7	8.601	1	182.099	9
Services	712.310	47	853.645	39	803.714	51	747.899	37
Wholesale and Retail Trade	1.389	-	9.288	-	7.264	-	33.863	2
Hotel, Tourism, Food and Beverage Services	68.191	4	69.559	3	63.922	4	83.039	4
Transportation and Communication	66.381	4	186.694	9	49.814	3	163.217	8
Financial Institutions	532.221	36	494.302	23	631.001	41	382.192	19
Real Estate and Renting Services	4.568	-	53.581	2	851	-	60.591	3
Self-Employment Services	15.278	1	-	-	20.204	1	-	-
Education Services	20.783	2	4.355	-	30.658	2	5.606	-
Health and Social Services	3.499	-	35.866	2	-	-	19.391	1
Other	27.828	2	8.780	-	12.653	1	31.428	2
Total	1.518.554	100	2.169.835	100	1.558.859	100	2.039.973	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	359.290	216.640
Financial Assets at Fair Value Through Profit and Loss	87.754	59.542
Money Market Placements	6.171	19.917
Loans, Lease Receivables	3.823.465	3.814.445
Financial Assets Available for Sale	2.148.247	1.760.356
Held to Maturity Investments	289.106	6.514
Total	6.714.033	5.877.414
Derivatives Financials Instruments	20.043	27.561
Contingent Liabilities	-	-
Non Cash Loans and Commitments	419.313	209.712
Total	439.356	237.273
Total Credit Risk Exposure	7.153.389	6.114.687

Credit quality in per class of financial assets as of December 31, 2009 is as follows;

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	3.688.044	345	3.688.389
Corporate Loans	2.598.835	330	2.599.165
Loans to SME	1.072.621	15	1.072.636
Consumer Loans	249	-	249
Other	16.339	-	16.339
Receivables from Leasing Transactions	134.936	140	135.076
Total	3.822.980	485	3.823.465

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans	3.597.006	1.826	3.598.832
Corporate Loans	2.593.453	1.482	2.594.935
Loans to SME	998.617	344	998.961
Consumer Loans	225	-	225
Other	4.711	-	4.711
Receivables from Leasing Transactions	215.422	191	215.613
Total	3.812.428	2.017	3.814.445

Credit risk is evaluated according to the Parent Bank's internal rating. 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	Prior Period
Top Grade	230.593	89.196
High Grade	1.798.091	2.095.549
Average Grade	1.709.338	1.678.925
Below Average Grade	697.303	505.063
Impaired	16.330	20.087
Total	4.451.655	4.388.820

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 Group's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TRY 4.561.523 Thousand; and TRY 109.868 Thousand of these customers have not been rated. Guaranties of the amount of TRY 76.549 Thousand, issued by Parent Bank, appearing in other Guaranties and Collaterals and given for "100% Capital Guaranteed and 10% Income Guaranteed Funds" are shown in the non-rated section as they are not in the scope of the internal rating (December 31, 2008: TRY 4.407.636 Thousand; TRY 18.816 Thousand).

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	89.927	5.813
Corporate Loans	35.928	5.813
Loans to SME	37.370	-
Consumer Loans	-	-
Other	16.629	-
Total	89.927	5.813

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III. Explanations Related to Consolidated Market Risk

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

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

The standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Parent Bank applies parametric and historical simulation models to securities portfolio, foreign currency position on a daily or monthly basis to detect the market risks. The success of these models is tested retrospectively. The Parent 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 the Board of Directors on weekly and monthly.

a) Information related to the market risk

The market risk table is as follows:

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	35.428
Resulting from Financial Instruments related to Interest Income	31.805
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	3.623
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	7.394
Resulting from Financial Instruments related to Interest Income	3.601
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	3.793
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	2.136
Capital Requirement	2.136
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)	44.958
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	561.975

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

a) 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	444.606	519.113	339.675	360.306	410.075	338.475
Common Stock Risk	85.144	108.050	66.575	35.175	45.025	30.575
Currency Risk	31.406	49.975	21.363	43.666	78.300	21.075
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	109	163	-	350	663	-
Total Value At Risk	561.265	677.301	427.613	439.497	534.063	390.125

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.

Other price risks

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

Equity Price Sensitivity

The sensitivity analysis below has 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:

- Group is exposed to equity price risks arising from equity investments of firms traded in Istanbul Stock Exchange. Since these investments are classified as financial assets held for trading, only the net profit/loss will be affected.
- As of the reporting date, equity price sensitivity of the Group has been analyzed. The analysis has been based on the assumption that the inputs (equity prices) to the valuation model is 20% higher/lower while all other variables are constant. According to the analysis results under these assumptions; profit/loss will increase/decrease by TRY 3.861 Thousand (December 31, 2008: TRY 480 Thousand marketable securities value increase fund increase/decrease)

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

IV. Explanations Related to Consolidated Operational Risk

The Group uses the “Basic Indicator Method” in its operational risk calculation. The base amount for operational risk is measured with respect of considering consolidated gross income amounts of the Group’s last three years, 2008, 2007 and 2006, 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.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

V. Explanations Related to Consolidated Currency Risk

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

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

The Parent Bank has no hedging transactions through derivative instruments for its foreign currency borrowings and net foreign currency investments.

Announced current foreign exchange buying rates of the Parent Bank at December 31, 2009 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, 2009	1,4970	2,1599	0,0163
Prior Five Workdays:			
December 30, 2009	1,5050	2,1583	0,0163
December 29, 2009	1,5070	2,1659	0,0164
December 28, 2009	1,5100	2,1718	0,0165
December 25, 2009	1,5110	2,1736	0,0165
December 24, 2009	1,5170	2,1777	0,0166

Simple arithmetic thirty-day averages of the USD, EURO and YEN buying rates of the Parent Bank before the balance sheet date are TRY 1,5031, TRY 2,1965 and TRY 0,0168; respectively.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	2.350	185	-	3	2.538
Banks	27.186	4.506	757	1.299	33.748
Financial Assets at Fair Value Through Profit and Loss	1.420	2.876	-	-	4.296
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	100.659	393.176	-	-	493.835
Loans (*)	1.879.106	1.737.719	21.193	-	3.638.018
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	1	1
Intangible Assets	-	-	-	-	-
Other Assets (**)	126.672	31.819	3.042	8	161.541
Total Assets	2.137.393	2.170.281	24.992	1.311	4.333.977
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	19.150	27.259	-	-	46.409
Funds Provided From Other Financial Institutions	2.230.490	2.116.806	38.998	483	4.386.777
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	4.363	14.017	-	17	18.397
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	1.249	2.836	2	-	4.087
Total Liabilities	2.255.252	2.160.918	39.000	500	4.455.670
Net Balance Sheet Position	(117.859)	9.363	(14.008)	811	(121.693)
Net Off-Balance Sheet Position	35.650	(38.585)	13.501	-	10.566
Financial Derivative Assets	136.332	94.404	24.487	-	255.223
Financial Derivative Liabilities	(100.682)	(132.989)	(10.986)	-	(244.657)
Non-Cash Loans (****)	118.353	253.067	-	-	371.420
Prior Period					
Total Assets	2.246.063	2.206.594	58.598	1.508	4.512.763
Total Liabilities	2.283.959	2.143.798	80.536	2.278	4.510.571
Net Balance Sheet Position	(37.896)	62.796	(21.938)	(770)	2.192
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

(*) Loans extended, include TRY 1 468.183 Thousand foreign currency indexed loans.

(**) TRY 4.078 Thousand prepaid expenses have not been included to other assets.

(***)TRY 13.358 Thousand marketable securities valuation differences have not been presented in others liabilities TRY 721 Thousand foreign exchange unrealized losses on derivatives are excluded from other liabilities.

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

The Group is mostly exposed to EURO, US Dollars, JPY currencies.

The following tables detail the Group's sensitivity to 10% increase/decrease in the TRY against US Dollars, EURO, JPY.

	Decrease in Currency Rate	Effect on Profit / Loss		Effect on Equity	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	(4.071)	(195)	1.149	(2.388)
EURO	10	(8.408)	(205)	187	(616)
JPY	10	(51)	(6)	-	-
Other	10	81	94	-	-

	Decrease in Currency Rate	Effect on Profit / Loss		Effect on Equity	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	4.071	195	(1.149)	2.388
EURO	10	8.408	205	(187)	616
JPY	10	51	6	-	-
Other	10	(81)	(94)	-	-

Forward foreign exchange contracts

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

VI. Explanations Related to Consolidated Interest Rate Risk

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

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analyzes. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

The amount of local borrowings is very low considering the total liabilities of the Parent Bank. As the Parent Bank is a development and investment bank, it obtains most of the funding from abroad.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non- interest bearing (*)	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	3.170	3.170
Banks	168.206	174.423	-	-	-	13.491	356.120
Financial Assets at Fair Value Through Profit and Loss	2.262	1.389	42.873	20.688	-	20.542	87.754
Money Market Placements	6.171	-	-	-	-	-	6.171
Available-for-Sale Financial Assets	414.499	634.691	392.751	428.336	253.094	24.876	2.148.247
Loans	1.285.408	1.456.507	749.822	138.068	42.245	16.339	3.688.389
Held-to-Maturity Investments	2.032	102.257	2.508	182.309	-	-	289.106
Other Assets	94.937	64.122	47.153	16.150	-	468.723	691.085
Total Assets	1.973.515	2.433.389	1.235.107	785.551	295.339	547.141	7.270.042
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.322.712	2.590	58.340	-	-	-	1.383.642
Sundry Creditors	73.014	-	-	-	-	74.346	147.360
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.635.918	1.978.602	758.174	47.048	54.701	-	4.474.443
Other Liabilities	2.444	586	2.347	6.601	-	1.252.619	1.264.597
Total Liabilities	3.034.088	1.981.778	818.861	53.649	54.701	1.326.965	7.270.042
Balance Sheet Long Position	-	451.611	416.246	731.902	240.638	-	1.840.397
Balance Sheet Short Position	(1.060.573)	-	-	-	-	(779.824)	(1.840.397)
Off-Balance Sheet Long Position	-	-	164	5.142	-	-	5.306
Off-Balance Sheet Short Position (**)	(1.644.437)	(11)	-	-	-	-	(1.644.448)
Total Position	(2.705.010)	451.600	416.410	737.044	240.638	(779.824)	(1.639.142)

(*) 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.

(**) TRY 1.643.661 Thousand of this amount is interest rate futures - buy with a maturity between 1-5 years and showed as nominal value. This balance is showed under "Up to 1 month" column since these transactions are under daily interest exposure.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

Average interest rates applied to monetary financial instruments: %

	EURO	USD	Yen	TRY
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0,22	-	-	6,43
Financial Assets at Fair Value Through Profit and Loss	-	4,81	-	10,16
Money Market Placements	-	-	-	6,36
Available-for-Sale Financial Assets	4,01	5,89	-	11,79
Loans	3,97	3,45	4,88	14,94
Held-to-Maturity Investments	-	-	-	11,61
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,01	1,02	-	7,32
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	1,89	1,37	1,96	11,06

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing (*)	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	2.917	2.917
Banks	153.807	30.593	-	-	-	29.323	213.723
Financial Assets at Fair Value Through Profit and Loss	2.127	11.807	15.838	18.416	-	11.354	59.542
Money Market Placements	19.917	-	-	-	-	-	19.917
Available-for-Sale Financial Assets	4.819	502.186	634.141	320.776	272.758	25.676	1.760.356
Loans	1.294.640	1.296.140	803.365	166.237	33.739	4.711	3.598.832
Held-to-Maturity Investments	1.958	1.430	3.126	-	-	-	6.514
Other Assets	47.314	107.818	69.667	18.553	7.945	426.817	678.114
Total Assets	1.524.582	1.949.974	1.526.137	523.982	314.442	500.798	6.339.915
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	819.848	1.324	650	-	-	-	821.822
Sundry Creditors	26.702	-	-	-	-	45.155	71.857
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.443.845	1.853.760	1.079.251	106.161	38.863	-	4.521.880
Other Liabilities	7.368	4.775	10.354	4.440	-	897.419	924.356
Total Liabilities	2.297.763	1.859.859	1.090.255	110.601	38.863	942.574	6.339.915
Balance Sheet Long Position	-	90.115	435.882	413.381	275.579	-	1.214.957
Balance Sheet Short Position	(773.181)	-	-	-	-	(441.776)	(1.214.957)
Off-Balance Sheet Long Position	-	14	-	9.635	-	-	9.649
Off-Balance Sheet Short Position	(6.090)	-	(519.131)	-	-	-	(525.221)
Total Position	(779.271)	90.129	(83.249)	423.016	275.579	(441.776)	(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.

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INFORMATION ON FINANCIAL STRUCTURE (Cont'd)

VI. Explanations Related to Consolidated 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	1,18	-	-	-
Banks	1,89	3,71	-	20,70
Financial Assets at Fair Value Through Profit and Loss	-	5,39	-	17,46
Money Market Placements	-	2,00	-	15,09
Available-for-Sale Financial Assets	5,29	7,12	-	18,32
Loans	6,75	5,25	4,88	20,27
Held-to-Maturity Investments	-	-	-	20,20
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	4,45	3,48	1,96	16,00

Interest rate sensitivity

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.

The nominal and market value of the Group's current period's portfolio available for sale is 16% and 22% higher, respectively, than those in the previous period. In addition to this, foreign exchange assets in the Group's portfolio are 23% of the portfolio in the current period while this ratio was 24% in the prior period in terms of fair value.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

VII. Explanations Related to the Consolidated Liquidity Risk

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

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

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

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

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

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 Parent Bank. For the purposes of monitoring and assessing the liquidity position of the Parent Bank's assets and liabilities, the liquidity rate is weekly calculated. The ratio during the year was as follows;

	December 31, 2009 %	December 31, 2008 %
Average during the period	157,21	152,16
Maximum	182,29	186,81
Minimum	135,88	124,14

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

VII. Explanations Related to the Consolidated 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	Undistri- buted (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	3.170	-	-	-	-	-	-	3.170
Banks	13.491	168.206	174.423	-	-	-	-	356.120
Financial Assets at Fair Value Through Profit and Loss	20.543	2.241	961	42.847	21.162	-	-	87.754
Money Market Placements	-	6.171	-	-	-	-	-	6.171
Financial Assets Available-for- Sale	3.452	36.028	234.678	356.664	1.241.895	254.106	21.424	2.148.247
Loans	16.339	170.545	179.443	548.226	2.279.084	494.752	-	3.688.389
Held-to-Maturity Investments	-	-	284	2.878	285.944	-	-	289.106
Other Assets	15.605	88.217	12.720	49.857	71.568	-	453.118	691.085
Total Assets	72.600	471.408	602.509	1.000.472	3.899.653	748.858	474.542	7.270.042
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	263.291	170.824	225.848	1.598.980	2.215.500	-	4.474.443
Money Market Borrowings	-	1.322.712	2.590	58.340	-	-	-	1.383.642
Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	23.383	73.014	-	-	-	-	50.963	147.360
Other Liabilities	164.167	3.252	586	2.347	6.601	-	1.087.644	1.264.597
Total Liabilities	187.550	1.662.269	174.000	286.535	1.605.581	2.215.500	1.138.607	7.270.042
Liquidity Gap	(114.950)	(1.190.861)	428.509	713.937	2.294.072	(1.466.642)	(664.065)	-
Prior Period								
Total Assets	47.535	349.317	194.278	1.098.329	3.018.280	1.178.911	453.265	6.339.915
Total Liabilities	14.137	1.119.196	103.087	592.577	1.447.010	2.137.194	926.714	6.339.915
Liquidity Gap	33.398	(769.879)	91.191	505.752	1.571.270	(958.283)	(473.449)	-

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Cont'd)

VII. Explanations Related to Consolidated 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	219.400	182.387	255.742	1.741.980	2.329.542	(254.608)	4.474.443
Money Market Takings	1.322.836	2.591	63.515	-	-	(5.300)	1.383.642
Total	1.542.236	184.978	319.257	1.741.980	2.329.542	(259.908)	5.858.085

Prior 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	287.190	126.980	698.715	1.425.097	2.960.284	(976.386)	4.521.880
Money Market Takings	821.512	1.332	654	-	-	(1.676)	821.822
Total	1.108.702	128.312	699.369	1.425.097	2.960.284	(978.062)	5.343.702

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	59.584	2.837	132.047	125.266	-	(65.541)	254.193
Forward Contract	-	-	-	-	-	-	-
Futures Transactions	-	-	1.123.134	520.527	-	-	1.643.661
Options	43.679	40.761	237.967	58.149	-	-	380.556
Other	-	25.840	-	42.415	-	-	68.255
Total	103.263	69.438	1.493.148	746.357	-	(65.541)	2.346.665
Prior 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

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INFORMATION ON CONSOLIDATED 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 consolidated financial statements of the Group.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets (*)	6.488.033	5.599.342	6.514.216	5.670.522
Banks	6.171	19.917	6.171	19.917
Money Market Placements	356.120	213.723	356.120	213.723
Available-For-Sale Financial Assets	2.148.247	1.760.356	2.148.247	1.760.356
Loans	3.668.389	3.598.832	3.689.358	3.669.934
Held-To-Maturity Investments	289.106	6.514	314.320	6.592
Financial Liabilities (*)	6.005.445	5.415.559	6.005.445	5.415.559
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Provided From Other Financial Institutions	5.858.085	5.343.702	5.858.085	5.343.702
Marketable Securities Issued	-	-	-	-
Sundry Creditors	147.360	71.857	147.360	71.857

(*) 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- For the fair value calculation of loans, the prevailing interest rates as of the balance sheet date were used.
- ii- For the fair value calculation of the balances with banks, the prevailing interest rates as of the balance sheet date were used.
- iii- For the fair value calculation of held-to-maturity investments, quoted prices as of the balance sheet date were used.

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	-	356.120	-	-
Money Market Placements	-	6.171	-	-
Available-for-sale financial assets	1.692.119	300.827	155.301	-
Loans	-	3.688.389	-	-
Held-To-Maturity Investments	314.320	-	-	-
Financial Liabilities				
Funds Obtained from Other Financial Institutions	-	5.858.085	-	-
Sundry Creditors	-	-	147.360	-

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SECTION FOUR (Cont'd)

INFORMATION ON CONSOLIDATED 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	-	213.723	-	-
Money Market Placements	-	19.917	-	-
Available-for-sale financial assets	1.388.326	290.648	81.382	-
Loans	-	3.669.934	-	-
Held-To-Maturity Investments	6.592	-	-	-
Financial Liabilities				
Funds Obtained from Other Financial Institutions	-	5.343.702	-	-
Sundry Creditors	-	-	71.857	-

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Consolidated Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	180	117	128	168
Balances with the Central Bank of Turkey	452	2.421	484	2.137
Other	-	-	-	-
Total	632	2.538	612	2.305

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits	452	2.421	484	2.137
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Total	452	2.421	484	2.137

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 Group's trading securities given as collateral or blocked amounted to TRY 2.099 Thousand (December 31, 2008: TRY 3.823 Thousand).

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

As of the balance sheet date, the Group's trading securities subject to repurchase agreements amounted to TRY 4.493 Thousand (December 31, 2008: TRY 1.640 Thousand).

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 Group has no financial assets designated at fair value through profit and loss given as collateral or blocked (December 31, 2008: None).

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 Group has no financial assets designated at fair value through profit and loss subject to repurchase agreements (December 31, 2008: None).

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SECTION FIVE (Cont'd)

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

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

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

Held for trading financial derivative instruments	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	-	57	-
Swap Transactions	6.723	2.741	18.698	667
Futures Transactions	-	-	-	-
Options	298	1.521	-	1.633
Other	-	-	-	-
Total	7.021	4.262	18.755	2.300

3.a Information on Banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	322.372	5.856	58.168	12.155
Foreign	-	27.892	-	143.400
Branches and head office abroad	-	-	-	-
Total	322.372	33.748	58.168	155.555

3.b Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	22.930	140.192	-	-
USA, Canada	3.014	1.561	-	-
OECD Countries (*)	1.847	1.547	-	-
Off-Shore Banking Regions	101	100	-	-
Other	-	-	-	-
Total	27.892	143.400	-	-

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

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	1.029.375	46.421	827.384	41.302
Treasury bills	-	-	72	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.029.375	46.421	827.456	41.302

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SECTION FIVE (Cont'd)

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

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

4. Information on financial assets available-for-sale

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 334.701 Thousand (December 31, 2008: TRY 292.951 Thousand).

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	158.290	176.411	129.809	163.142
Other	-	-	-	-
Total	158.290	176.411	129.809	163.142

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

Available for sale financial assets comprise 78,56% government bonds and 12,94% Eurobonds, and 8,50% shares and other securities (December 31, 2008: 1,53% treasury bills, 76,56% government bonds, 16,51% Eurobonds and 5,40% shares and other securities).

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

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

	Current Period	Prior Period
Debt securities	2.130.944	1.769.441
Quoted on a stock exchange	1.694.601	1.397.467
Not quoted	436.343	371.974
Share certificates	29.111	32.813
Quoted on a stock exchange	-	4.593
Not quoted	29.111	28.220
Impairment provision(-)	(15.260)	(44.640)
Other	3.452	2.742
Total	2.148.247	1.760.356

All unquoted available for sale equities are recorded at fair value except for the Group's investment of TRY 18.468 Thousand which is recorded at cost since respective fair values cannot be reliably measured (December 31, 2008: TRY 17.577 Thousand).

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	121.628	117.413	72.765	141.759
Corporate shareholders	121.628	117.413	72.765	141.759
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	249	-	225	-
Total	121.877	117.413	72.990	141.759

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	3.609.627	5.077	11.814	61.871
Discount notes	17.137	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Investment loans	2.050.626	5.077	7.519	59.038
Loans given to financial sector	882.667	-	-	-
Foreign loans	64.146	-	-	-
Consumer loans	249	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	594.802	-	4.295	2.833
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	3.609.627	5.077	11.814	61.871

(*) Group has also TRY 17.571 Thousand of lease receivables under close monitoring.

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

5.c 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	111.612	-	-	-
Non-specialized loans	95.273	-	-	-
Specialized loans	-	-	-	-
Other receivables	16.339	-	-	-
Medium and Long-term loans	3.498.015	5.077	11.814	61.871
Non-specialized loans	3.498.015	5.077	11.814	61.871
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	3.609.627	5.077	11.814	61.871

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

5.d Information on 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	183	66	249
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	183	66	249
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	183	66	249

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

The Parent Bank has not granted any commercial loans with installments and corporate credit cards as of the balance sheet date (December 31, 2008 :None).

5.f Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	3.688.389	3.598.832
Total	3.688.389	3.598.832

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	3.624.243	3.593.769
Foreign Loans	64.146	5.063
Total	3.688.389	3.598.832

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	59.297	60.369
Indirect loans granted to subsidiaries and associates	-	-
Total	59.297	60.369

5.i Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	-	-
Loans and receivables with doubtful collectability	-	-
Uncollectible loans and receivables	21.675	25.428
Total	21.675	25.428

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

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

5.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	IV. Group	V. Group
	Loans and Receivables With Limited	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	6.349
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	6.349
Prior Period			
(Gross amounts before provisions)	-	-	5.336
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	5.336

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

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period End Balance	-	-	25.428
Additions (+)	181	4	1.237
Transfers from Other Categories of Non-performing Loans (+)	-	-	181
Transfers to Other Categories of Non-performing Loans (-)	(181)	-	-
Collections (-)	-	(4)	(5.058)
Write-offs (-)	-	-	(113)
Corporate and Commercial Loans	-	-	(113)
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period Ending Balance	-	-	21.675
Specific Provisions (-)	-	-	(21.675)
Net Balance on Balance Sheet	-	-	-

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

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

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

	III. Group Loans and Receivables with Limited Collectability	IV. Group Loans and Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period			
Period End Balance	-	-	5.685
Specific Provision (-)	-	-	(5.685)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	-	-	7.464
Specific Provision (-)	-	-	(7.464)
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 Loans and Receivables with Limited Collectability	IV. Group Loans and Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	16.332
Specific Provision Amount (-)	-	-	(16.332)
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)	-	-	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)	-	-	-

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

5.k Main principles of liquidating non performing loans and receivables:

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

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

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

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	2.598.835	1.072.621	249	16.339	3.688.044
Past due not impaired	330	15	-	-	345
Individually impaired	19.609	2.066	-	-	21.675
Total	2.618.774	1.074.702	249	16.339	3.710.064
Less: allowance for individually impaired loans	(19.609)	(2.066)	-	-	(21.675)
Less: allowance on a portfolio basis	-	-	-	-	-
Total allowance for impairment	(19.609)	(2.066)	-	-	(21.675)
Total Net	2.599.165	1.072.636	249	16.339	3.688.389

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SECTION FIVE (Cont'd)

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

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

5. Information on Loans (Cont'd)

5.m Other explanations and disclosures (Cont'd)

Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	2.593.453	998.617	225	4.711	3.597.006
Past due not impaired	1.482	344	-	-	1.826
Individually impaired	23.639	1.789	-	-	25.428
Total	2.618.574	1.000.750	225	4.711	3.624.260
Less: allowance for individually impaired loans	(23.639)	(1.789)	-	-	(25.428)
Less: allowance on a portfolio basis	-	-	-	-	-
Total allowance for impairment	(23.639)	(1.789)	-	-	(25.428)
Total Net	2.594.935	998.961	225	4.711	3.598.832

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

	Corporate	SME	Consumer	Other	Total
At January 1, 2009	(23.639)	(1.789)	-	-	(25.428)
Charge for the year	(852)	(570)	-	-	(1.422)
Recoveries	4.769	293	-	-	5.062
Amounts written off	113	-	-	-	113
Interest accrued on impaired loans and other receivables	-	-	-	-	-
At December 31, 2009	(19.609)	(2.066)	-	-	(21.675)

	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)

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

Current Period	Corporate	SME	Consumer	Other	Total
Individual impairment	(19.609)	(2.066)	-	-	(21.675)
Gross amount of loans, individually determined to be impaired (before deducting any individually assessed impairment allowance)	19.609	2.066	-	-	21.675
Prior 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

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

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

5. Information on Loans (Cont'd)

5.m Other explanations and disclosures (Cont'd)

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

	Current Period	Prior Period
At January 1	25.428	19.420
Charge for the year	1.422	11.885
Recoveries	(5.062)	(3.992)
Amounts written off	(113)	(1.885)
Interest accrued on impaired loans and other receivables	-	-
At December 31	21.675	25.428
Individual impairment	(21.675)	(25.428)
Gross amount of loans, individually determined to be impaired, (before deducting any individually assessed impairment allowance)	21.675	25.428

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	More than 91 Days	Total
Loans and Receivables	37	293	-	-	330
Commercial Loans	15	-	-	-	15
SME Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	-	140	-	-	140
Total	52	433	-	-	485

Prior Period	Less than 30 Days	31- 60 Days	61- 90 Days	More 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

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 as of December 31, 2009:

	Current Period	Prior Period
Residential, commercial and industrial property	-	-
Financial Assets	3.631	39.693
Other (bailment, pledge and charge on ship and vehicle)	40.478	84.436
Total	44.109	124.129

Loans and other receivables amounting to TRY 3.407.447 Thousand have floating interest rates (December 31, 2008: TRY 2.932.686 Bin Thousand) and the remaining TRY 280.942 Thousand have fixed interest rates (December 31, 2008: TRY 666.146 Thousand).

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

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

6. Information on held-to-maturity investments:

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

6.a.1 As of the balance sheet date, the information on held-to-maturity investments securities given as collateral or blocked is as follows:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Other Marketable Securities	6.070	-	3.022	-
Other	-	-	-	-
Total	6.070	-	3.022	-

6.a.2 As of the balance sheet date, the Group's investment securities held-to-maturity amounted to TRY 275.934 Thousand (December 31, 2008: None).

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

As of the balance sheet date, the Group has amount of TRY 289.106 Thousand of investment securities held-to-maturity (December 31, 2008: TRY 6.514 Thousand).

6.c Movement of held to maturity investments:

	Current Period	Prior Period
Beginning balance	6.205	-
Foreign currency differences on monetary assets	-	-
Purchases during year	276.233	6.205
Disposals through sales and redemptions	(532)	-
Impairment provision (-)	-	-
Total	281.906	6.205
Interest and Income Accruals and Discount	7.200	309
Total	289.106	6.514

The Parent Bank transferred a portion of its marketable securities in the Available-for-Sale and Financial Assets at Fair Value through Profit and Loss portfolio with a notional amount of TRY 283.050 Thousand and TRY 4.900 Thousand respectively to its Held-to-Maturity portfolio due to the change in the intention. The fair value of these securities was TRY 273.582 Thousand as of the transfer date, which is shown as "Purchases during the year" in the above table. For the securities transferred from Available-for-Sale portfolio, the positive valuation differences amounting to TRY 1.679 Thousand under equity realized until the transfer date of these securities will be amortized and transferred to profit/loss till the maturity of these securities. As of the balance sheet date, the positive valuation difference that remains under equity is TRY 1.059 Thousand.

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

7. Information on Investments in Associates (Net):

7.a.1 Information on unconsolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	GÖZLÜK SANAYİ A.Ş. (Gözlük)	İzmir/Turkey	21,71	21,71
2	SENAPA-STAMPA AMBALAJ SANAYİ VE TİCARET A.Ş. (Senapa)	Kocaeli/Turkey	6,95	6,95
3	TERME METAL SANAYİ VE TİCARET A.Ş. (Terme)	İstanbul/Turkey	17,83	18,76
4	ÜNSA AMBALAJ SANAYİ VE TİCARET A.Ş. (Ünsa)	İstanbul/Turkey	7,52	7,52

Non-financial associates, as above, are not consolidated in accordance with the Communiqué on “Preparing Consolidated Financial Statements of the Banks”.

	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)	2.908	2.482	78	127	-	(30)	3.666	-
Senapa (2)	34.372	6.209	24.951	-	-	(118)	(1.536)	-
Terme (3)	12.753	1.959	954	54	-	489	420	-
Ünsa (4)	75.775	32.279	22.362	149	-	746	(5.327)	-

(1) Represents un-audited 31.12.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

(2) Represents un-reviewed 30.06.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

(3) Represents un-reviewed 30.06.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

(4) Represents un-reviewed 30.06.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

7.a.2 Information on the consolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İŞ FACTORİNG FİNANSMAN HİZMETLERİ A.Ş. (İş Factoring)	İstanbul/Turkey	21,75	100,00
2	İŞ FİNANSAL KİRALAMA A.Ş. (İş Finansal)	İstanbul/Turkey	28,71	58,54
3	İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (İş Girişim)	İstanbul/Turkey	16,67	48,75

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
İş Factoring (1)	275.984	40.976	104	6.842	5	7.102	20.016	-
İş Finansal (2)	1.177.143	379.259	748	14.390	-	99.415	76.309	74.256
İş Girişim (3)	131.920	129.052	710	-	-	8.357	19.833	12.099

(1) Represents un-audited 31.12.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

(2) Represents un-audited 31.12.09 consolidated financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements. Fair value is presented as of 31.12.09.

(3) Represent un-reviewed 30.09.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements. Fair value is presented as of 31.12.09.

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(Cont'd)

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

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

7.a.2 Information on the consolidated associates (Cont'd):

	Current Period	Prior Period
Balance at the Beginning of the Period	112.428	88.654
Movements During the Period	38.370	23.774
Purchases (*)	650	-
Bonus Shares Received	15.271	12.995
Current Year Share of Profit	33.762	28.402
Sales	-	-
Revaluation Increase	3.958	-
Provision for Impairment	(15.271)	(17.623)
Balance at the End of the Period	150.798	112.428
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) Purchases represents the classification of İş Finansal Kiralama A.Ş.'s shares in TSKB's availables for sale portfolio to associates.

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	18.067	12.342
Leasing Companies	108.885	78.174
Financial Service Companies	-	-
Other Associates	32.125	30.192

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

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	132.731	100.086
Associates Quoted on Foreign Stock Markets	-	-

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

No associate has been sold in the current period (December 31, 2008: None).

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

In current period, the Bank has obtained TRY 15.271 Thousand bonus shares which comes from TRY 65.000 Thousand capital increase of İş Finansal Kiralama A.Ş., TRY 1.800 Thousand capital increase of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş..

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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations Related to the Consolidated Assets (Cont'd)

8. Information Related to Subsidiaries (Net)

8.a.1 Information related to unconsolidated subsidiaries

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	İstanbul /Turkey	99,99	99,99

	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)	4.395	2.950	1.167	-	-	368	571	-

(1) Represents un-audited 31.12.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

8.a.2 Information related to consolidated subsidiaries

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Yatırım Ortaklığı A.Ş. (TSKB Y.O.)	İstanbul /Turkey	40,99	55,64
2	Yatırım Finansman Menkul Değerler A.Ş. (YFMEN.DEĞ.)	İstanbul /Turkey	95,78	98,42
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	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 Y.O. (1)	39.496	39.185	-	38	677	10.346	(3.081)	5.501
YF MEN.DEĞ. (2)	332.211	50.419	1.653	6.855	2.263	6.434	715	-
TSKB GYO (3)	298.351	164.133	279.001	844	7	55.346	3.063	-

(1) Represents un-reviewed 30.09.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements. Fair value is presented as of 31.12.09.

(2) Represents audited 31.12.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

(3) Represents audited 31.12.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

TSKB Yatırım Ortaklığı A.Ş. and Yatırım Finansman Yatırım Ortaklığı A.Ş., associates of the Parent Bank, merged under TSKB Yatırım Ortaklığı A.Ş. on June 25, 2009 according to prior approval of the Capital Market Board on May 13, 2009 and resolution of extraordinary General Assembly, by ceasing all rights, receivables, liabilities and legal jurisdiction of Yatırım Finansman Yatırım Ortaklığı A.Ş. After the merger, the capital of TSKB Yatırım Ortaklığı A.Ş. has been increased to TRY 29.068 Thousand from TRY 18.000 Thousand; and TRY 1.107 unit of stocks of merged entity was given against to each TRY 1 unit of stock of Yatırım Finansman Yatırım Ortaklığı A.Ş.

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

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

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

	Current Period	Prior Period
Balance at the Beginning of the Period	175.354	143.213
Movements During the Period	4.155	32.141
Purchases (*)	4.040	24.000
Bonus Shares Obtained	115	8.141
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance At the End of the Period	179.509	175.354
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) Purchases represents the classification of İş Finansal Kiralama A.Ş.'s shares in TSKB's availables for sale portfolio to associates.

According to the principles of consolidation accounting, the cost values of the consolidated subsidiaries have been eliminated from the accompanying consolidated financial statements.

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	179.888	175.733

8.a.4 Subsidiaries quoted on stock exchange

As of December 31, 2009, the carrying value of the Group's subsidiaries quoted on the stock exchange is TRY 5.501 Thousand (December 31, 2008: TRY 2.713 Thousand).

8.a.5 Subsidiaries sold in the current period

The Parent Bank has not sold any subsidiaries in the current period (December 31, 2008: None).

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

In current period, the Parent Bank has obtained TRY 115 Thousand bonus shares which comes from TRY 1.068 Thousand capital increase of Yatırım Finansman Yatırım Ortaklığı A.Ş. due to the merger rate of Yatırım Finansman Yatırım Ortaklığı A.Ş. during the merger of it.

During the prior period, the Parent Bank obtained TRY 8.141 Thousand bonus shares through the capital increase of Yatırım Finansman Menkul Değerler A.Ş. amounting to TRY 8.500 Thousand. 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 Parent Bank, it has been resolved to transfer TRY 60 Thousand nominal shares of TSKB Gayrimenkul Değerleme A.Ş. to the Parent Bank.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations Related to the Consolidated Assets (Cont'd)

9. Information on Entities under Common Control

The Group has no entities under common control as of balance sheet date (December 31, 2008: 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	16.344	15.929	16.212	15.519
Between 1- 4 years	97.239	92.953	187.109	170.509
More than 4 years	28.270	26.194	36.710	29.585
Total	141.853	135.076	240.031	215.613

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

	Current Period	Prior Period
Gross investments in finance leases	141.853	240.031
Unearned revenue from finance leases (-)	(6.777)	(24.418)
Cancelled finance leases (-)	-	-
Net investments in finance leases	135.076	215.613

10.c Explanation with respect to finance lease agreements, the criteria used in determination of contingent rents, conditions for revisions or purchase options, updates of leasing amounts and the restrictions imposed by lease arrangements, whether arrays in repayment occur, whether the terms of the contract are renewed, if renewed, the renewal conditions, whether the renewal results any restrictions, and other important conditions of the leasing agreement

Finance lease agreements are made in accordance with the related articles of financial leasing law 3286. There are no restructuring or restrictions having material effect on financial statements.

11. Information on derivative financial assets for hedging purposes

The Group has no derivative financial assets for hedging purposes as of the balance sheet date (December 31, 2008: None).

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

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

12. Information on Tangible Assets (Net)

Current Period	Prior Period End	Additions	Disposals	Transfer	Current Period End
Cost					
Land and Building (*)	111.629	401	-	(76.724)	35.306
Assets Held under Finance Leases	4.891	130	-	-	5.021
Vehicles	917	323	(100)	-	1.140
Assets for Resale	24.464	2.330	(4.180)	-	22.614
Other	16.094	1.026	(19)	-	17.101
Total	157.995	4.210	(4.299)	(76.724)	81.182
Accumulated Depreciation					
Land and Building	(17.687)	(6.039)	-	-	(23.726)
Assets Held under Finance Leases	(2.742)	(535)	-	-	(3.277)
Vehicles	(477)	(151)	60	-	(568)
Assets for Resale	(4.022)	(1.341)	8	-	(5.355)
Other	(11.823)	(814)	13	-	(12.624)
Total Accumulated Depreciation	(36.751)	(8.880)	81	-	(45.550)
Impairment Provision					
Land and Building	-	-	-	-	-
Assets Held under Finance Leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets for Resale	(3.236)	(707)	182	-	(3.761)
Other	-	-	-	-	-
Total Impairment Provision	(3.236)	(707)	182	-	(3.761)
Net Book Value	118.008	(5.377)	(4.036)	(76.724)	31.871

(*) Land and Buildings also include Lands and Buildings held under finance leases.

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

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

Prior Period	Prior Period End	Additions	Disposals	Transfer (**)	Period End
Cost					
Land and Building (*)	81.021	32.211	(1.603)	-	111.629
Assets Held under Finance Leases	4.891	-	-	-	4.891
Vehicles	1.244	-	(327)	-	917
Assets for Resale	14.900	254	(1.200)	10.510	24.464
Other	14.750	1.344	-	-	16.094
Total	116.806	33.809	(3.130)	10.510	157.995
Accumulated Depreciation					
Land and Building	(16.897)	(790)	-	-	(17.687)
Assets Held under Finance Leases	(1.545)	(1.197)	-	-	(2.742)
Vehicles	(894)	(58)	475	-	(477)
Assets for Resale	(2.367)	(681)	3	(977)	(4.022)
Other	(11.157)	(666)	-	-	(11.823)
Total Accumulated Depreciation	(32.860)	(3.392)	478	(977)	(36.751)
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	81.258	30.229	(2.652)	9.173	118.008

(*) Land and Buildings also include Lands and Buildings held under finance leases.

(**)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.

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 Group's internal specialists, the inflation adjusted values of some of the properties are more than their fair values. Therefore, the Group recorded 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 3.761 Thousand (December 31, 2008: 3.236 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.

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

13. Information on Intangible Assets

13.a Useful lives and amortization rates used

The Group 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' depreciation rates were used for the intangible assets acquired before January 1, 2004, new depreciation 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

Current Period	Period Beginning		Period End	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	2.793	(2.056)	3.269	(2.365)
Goodwill	1.005	-	1.005	-

Prior Period	Period Beginning		Period End	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	2.429	(1.843)	2.793	(2.056)
Goodwill	1.005	-	1.005	-

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

Current Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Other	Closing Balance of Current Period
Cost					
Intangible Asset	2.793	476	-	-	3.269
Goodwill	1.005	-	-	-	1.005
Total Cost	3.798	476	-	-	4.274
Accumulated Amortization					
Intangible Asset	(2.056)	(309)	-	-	(2.365)
Goodwill	-	-	-	-	-
Total Accumulated Amortization	(2.056)	(309)	-	-	(2.365)
Impairment Provision					
Intangible Asset	-	-	-	-	-
Total Impairment Provision	-	-	-	-	-
Net Book Value	1.742	167	-	-	1.909

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations Related to the Consolidated Assets (Cont'd)

13. Information on Intangible Assets (Cont'd)

13.d Movement of cost and accumulated amortization for the period (Cont'd)

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Other	Closing Balance of Current Period
Cost					
Intangible Asset	2.429	364	-	-	2.793
Goodwill	1.005	-	-	-	1.005
Total Cost	3.434	364	-	-	3.798
Accumulated Amortization					
Intangible Asset	(1.843)	(213)	-	-	(2.056)
Goodwill	-	-	-	-	-
Total Accumulated Amortization	(1.843)	(213)	-	-	(2.056)
Impairment Provision					
Intangible Asset	-	-	-	-	-
Total Impairment Provision	-	-	-	-	-
Net Book Value	1.591	151	-	-	1.742

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

As of the balance sheet date, the Group has no individual intangible asset which is material to the financial statements as a whole (December 31, 2008: None).

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

As of the balance sheet date, the Group has no intangible fixed assets acquired through government grants (December 31, 2008: 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 of the balance sheet date, the Group has no intangible assets acquired with government incentives (December 31, 2008: None).

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

As of the balance sheet date, the Group has no intangible assets with restricted use or pledged (December 31, 2008: None).

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

13 Information on Intangible Assets (Cont'd)

13.i Amount of purchase commitments for intangible assets

As of the balance sheet date, the Group has no purchase commitments for intangible assets (December 31, 2008: None).

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

The Group did not revalue its intangible assets as at the balance sheet date (December 31, 2008: None).

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

The Group has no research and development costs expensed in the current period (December 31, 2008: None).

13.l Information on goodwill

Goodwill on Consolidation	Share Rate %	Carrying Amount
Yatırım Finansman Yatırım Ortaklığı A.Ş.	95,78	1.005

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

	Current Period	Prior Period
Net Value at the Beginning of the Period	1.005	1.005
Changes in the Period:	-	-
Additional Goodwill	-	-
Restatements Arising from Changes in Assets and Liabilities	-	-
Goodwill Written off due to Discontinued Operations or Partial/Full Derecognizing of an Asset (-)	-	-
Impairment Loss (-)	-	-
Reversal of Impairment loss (-)	-	-
Changes in Carrying Value	-	-
Net Value at the End of Period	1.005	1.005

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

As of the balance sheet date, the Group has no negative goodwill in the accompanying financial statements (December 31, 2008: None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations Related to the Consolidated Assets (Cont'd)

14. Information on Investment Properties

In the current period, the Group has investment properties with a net book value of TRY 205.291 Thousand belonging to the Parent Bank's subsidiary operating in the real-estate investment trust sector. The fair values of the investment properties are determined in reports issued on December 23, 2009, December 28, 2009, and December 28, 2009 by companies listed on CMB's List of Real Estate Appraisal Companies as TRY 11.636, TRY 5.885 and TRY 187.770 respectively. TRY 48.529 Thousand of fair value difference is recognized under the other operating income in the accompanying financial statements (December 31, 2008: TRY 5.415 Thousand net book value, TRY 1.764 Thousand fair value difference, date of expert is December 26, 2008).

Investment Properties Movement table as of December 31, 2009 and December 31, 2008 is as below:

Current Period	Closing Balance of Prior Period	Transfer from Tangible Assets	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	5.415	-	-	-	470	5.885
Pendorya AVM	-	65.030	76.439	(2.514)	48.815	187.770
Adana Land Project Development	-	11.695	697	-	(756)	11.636
Total	5.415	76.725	77.136	(2.514)	48.529	205.291

Prior Period	Closing Balance of Prior Period	Transfer from Tangible Assets	Additions	Disposals	Change in Fair Value	Closing Balance of Prior Period
Tahir Han	4.945	-	-	-	470	5.415
Total	4.945	-	-	-	470	5.415

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

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

15. Information on Deferred Tax Assets

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

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

Deferred Tax Asset	Current Period	Prior Period
Useful life difference of fixed assets	1.056	1.006
Financial lease adjustments	4.262	1.608
Derivative instruments accruals	(257)	554
Employee benefit provision	887	765
Loan commissions accrual adjustment	5.336	2.496
Other provisions	12.167	7.425
Other	2.144	2.302
Total	25.595	16.156

In addition, TRY 11.443 Thousand of deferred tax, which is calculated over the fair value differences on available for sale securities value increase fund, is offset against the “available for sale securities value increase fund” item under equity (December 31, 2008: TRY 5.553 Thousand).

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

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

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

16. Information on assets held for sale

In the current period the Parent Bank has no assets held for sale (December 31, 2008: None).

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, 2008: None).

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SECTION FIVE (Cont'd)

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

II. Explanations Related to the Consolidated Liabilities

1. Information on Maturity Structure of Deposits

1.a.1 Maturity structure of deposits

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits.

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

The Parent Bank is not authorized to accept deposits

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

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

Derivative financial liabilities held for trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	-	-	-
Swap Transactions	6.973	3.186	17.914	514
Futures Transactions	-	-	-	-
Options	298	1.521	-	8.508
Other	-	-	-	-
Total	7.271	4.707	17.914	9.022

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	83.511	127.596	21.324	78.182
From Foreign Banks, Institutions and Funds	4.155	4.183.838	60.878	4.290.856
Total	87.666	4.311.434	82.202	4.369.038

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	83.511	267.557	70.729	501.262
Medium and long-term	4.155	4.043.877	11.473	3.867.776
Total	87.666	4.311.434	82.202	4.369.038

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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II. Explanations Related to the Consolidated Liabilities (Cont'd)

3. Information on Funds Borrowed (Cont'd)

3.c Additional information about the concentrated areas of liabilities:

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

4. Information Relating to Funds Provided under Repurchase Agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Transactions	1.235.777	44.730	764.917	26.236
Financial institutions and organizations	1.206.502	-	737.020	-
Other institutions and organizations	5.684	22.893	6.145	8.408
Real persons	23.591	21.837	21.752	17.828
From Foreign Transactions	2.507	1.679	1.823	15.012
Financial institutions and organizations	6	4	38	223
Other institutions and organizations	1.710	105	-	6.613
Real persons	791	1.570	1.785	8.176
Total	1.238.284	46.409	766.740	41.248

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, 2008: 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 Parent 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 obligations to the Parent Bank.

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

There are no changes in financial leasing contracts.

6.c Explanations on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	3	-	24	19
Between 1- 4 years	2	-	4	4
More than 4 years	-	-	-	-
Total	5	-	28	23

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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II. Explanations Related to the Consolidated Liabilities (Cont'd)

6. Explanations on Financial Lease Obligations (Net) (Cont'd)

6.d Explanations regarding operational leases

As of the balance sheet date, the Group's 3 head offices and 13 branches are subject to operational leasing. Additionally, 18 cars are within the context of operational leasing. The Group has no obligations for operational leases as of the balance sheet date (December 31, 2008: 4 head offices, 14 branches and 32 cars are subject to financial leasing).

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

The Group has no sale and lease back transactions as of the balance sheet date (December 31, 2008: None)

7. Information on Derivative Financial Liabilities for Hedging Purposes

The Group has no derivative financial liabilities for hedging purposes as of balance sheet date (December 31, 2008: None).

8. Information on Provisions

8.a Information on general loan loss provisions:

	Current Period	Prior Period
General Loan Loss Provisions	31.682	31.189
Provisions for First Group Loans and Receivables	26.559	25.519
Provisions for Second Group Loans and Receivables	1.699	1.380
Provisions for non-Cash Loans	1.123	818
Other	2.301	3.472

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

As of balance sheet date, the Group's foreign exchange losses on the foreign currency indexed loans amount to TRY 10.316 Thousand (December 31, 2008: TRY 2.645 Thousand). The foreign exchange losses on the foreign currency indexed loans are netted off from the loans in the financial statements.

8.c The specific provisions provided for unindemnified non cash loans:

The Parent Bank has TRY 4 Thousand of specific provisions provided for unindemnified non cash loans as of balance sheet date (December 31, 2008: TRY 4 Thousand).

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SECTION FIVE (Cont'd)

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

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

8. Information on provisions (Cont'd)

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

The Group 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 3.498 Thousand (December 31, 2008: TRY 3.142 Thousand) reserve for employee termination benefits was provided against a total undiscounted liability of TRY 6.008 Thousand (December 31, 2008: TRY 5.901 Thousand). The ratio of provisions of this benefit to undiscounted total liability is 58,22%. (December 31, 2008: 53,25%)

As of December 31, 2009, the Group provided a reserve of TRY 939 Thousand (December 31, 2008: TRY 684 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	3.142	3.122
Payments during the period	(660)	(696)
Arising during the period	1.016	716
Total	3.498	3.142

8.e Information related to other provisions:

8.e.1 Provisions for possible losses:

	Current Period	Prior Period
Provision for Possible Losses	-	25.000

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
Provision for Dividend Received from Subsidiaries	1.120	1.120
Other	59.331	10.545
Total	60.451	36.665

(*) Other provision account includes TRY 56.808 Thousand provision for possible risks on credit portfolio in the future period. In the prior period, this provision was calculated as TRY 25.000 Thousand and recorded in "Provision for Possible Losses" account.

8.f. Liabilities on pension rights

As explained on the Section Three, Accounting Policies, XVI. Explanations on Liabilities Regarding Employee Benefits as of December 31, 2009, the Group has no obligations on pension rights (December 21, 2008: None).

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

None (December 31, 2008: None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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II. Explanations Related to the Consolidated Liabilities (Cont'd)

8. Information on Provisions (Cont'd)

8.f. Liabilities on pension rights (Cont'd)

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 transfer to the Social Security Institution, of the Pension Fund as of December 31, 2009 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per February 4, 2010 dated actuarial report, the liabilities, subject to transfer to the Social Security Institution, are financed by the assets of the Pension Fund.

Accordingly, as of December 31, 2009 the Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Note 3.15, the accounting policies related with "employee benefits.

9. Explanations on the Number of Subordinated Loans the Group Used, Maturity, Interest Rate, Institution that the Loan was Borrowed From, and Conversion Option, if any:

The Parent Bank has signed an agreement with the International Finance Corporation, for a subordinated loan of USD 50.000 Thousand (TRY 74.850 Thousand). The interest expense accrual of this borrowing is TRY 493 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 (0,596+2,5 spread) 3,096%. Principal repayment of the loan will be paid on October 15, 2016 as a whole.

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	-	75.343	-	70.629
Total	-	75.343	-	70.629

10. Information on Taxes Payable:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Corporate Taxes and Deferred Taxes				
Corporate Tax Payable (*)	11.374	-	14.353	-
Deferred Tax Liability	-	-	-	-
Total	11.374	-	14.353	-

(*) In the current period,, Corporate Tax Provision is TRY 63.738 Thousand and netted - off from Prepaid Tax of TRY 52.364 Thousand (December 31, 2008: Corporate Tax Provision is TRY 31.512 Thousand and netted - off from Prepaid Tax of TRY 17.159 Thousand).

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

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

10. Information on Taxes Payable (Cont'd)

10.a Information on deferred taxes liabilities

As of the balance sheet date, the Group has no deferred tax liability (December 31, 2008: None).

10.a.1 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	11.374	14.353
Taxation of Securities	1.062	1.179
Property Tax	-	-
Banking and Insurance Transaction Tax (BITT)	698	380
Foreign Exchange Transaction Tax		-
Value Added Tax Payable	147	100
Other	2.002	1.642
Total	15.283	17.654

10.a.2 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	53	1
Social Security Premiums-Employer	54	1
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	16	12
Unemployment Insurance-Employer	34	24
Other		-
Total	157	38

11. Information on Liabilities Regarding Assets Held for Sale

None (December 31, 2008: None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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II. Explanations Related to the Consolidated Liabilities (Cont'd)

12. Information on Shareholders' Equity

12.a Presentation of paid-in capital:

	Current Period	Prior Period
Common Stock	600.000	500.000
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	600.000	1.000.000

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

In the current period, the Parent Bank's share capital has increased by TRY 100.000 Thousand. In the meeting of the General Assembly held on March 25, 2009; it has been resolved that, paid-in capital of the Bank will be increased from TRY 500.000 Thousand to TRY 600.000 Thousand by TRY 100.000 Thousand. In respect of the resolution of the General Assembly, TRY 96.000 Thousand of this increase will be incorporated from the profit of the year 2008 and TRY 4.000 Thousand from extraordinary reserves. The increase in paid-in capital was approved by BRSA on April 29, 2009 and the registration has been completed on June 12, 2009. The increase in paid in capital has been published in the Turkey Trade Registry Gazette No: 7335 on June 18, 2009.

In the prior period, the Parent 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.

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

In the current period there is no share capital increases from capital reserve (December 31, 2008: TRY 16.000 Thousand).

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 Parent Bank has no capital commitments in the last fiscal year and at the end of the following interim period.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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II. Explanations Related to the Consolidated Liabilities (Cont'd)

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

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 Parent Bank and their trends in the successive periods are followed by Financial Control Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under several different scenario analysis. The Parent Bank operations are profitable, and the Parent Bank keeps the major part of its profit by capital increases or capital reserves within the shareholders equity.

12.g Information on preferred shares:

The Parent Bank has no preferred shares.

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	3.513	-	(445)	-
Valuation Differences	35.732	13.358	1.064	(30.045)
Foreign Exchange Difference	-	-	-	-
Total	39.245	13.358	619	(30.045)

13. Information on Legal Reserves:

	Current Period	Prior Period
I. Legal Reserve	29.407	23.027
II. Legal Reserve	27.936	20.730
Other Legal Reserves Appropriated In Accordance with Special Legislation	52	52
Total	57.395	43.809

14. Information on Extraordinary Reserves:

	Current Period	Prior Period
Reserves Appropriated by the General Assembly	107.238	109.608
Retained Earnings	2.920	2.920
Accumulated Losses	-	-
Foreign Currency Share Capital Exchange Differences	-	-
Total	110.158	112.528

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II. Explanations Related to the Consolidated 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	(28.981)	(445)	28.378	374	(674)
Value increase of available for sale investments recognized directly under equity	91.297	3.958	-	-	95.255
Profit on disposal of available for sale investments recycled to income statement from equity	3.770	-	-	-	3.770
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	-	-	-	-	-
Gain / loss on cash flow hedges	-	-	-	-	-
Gain / loss on cash flow hedges recycled to income statement	(16.996)	-	-	-	(16.996)
Tax effect of gains on cash flow hedges	-	-	-	-	-
Transfer to capital	-	-	-	-	-
Other	-	-	-	-	-
As of December 31	49.090	3.513	28.378	374	81.355

16. Information on Minority Shares

	Current Period	Prior Period
Paid-in-Capital	19.262	24.049
Share Premium	24	4
Securities Value Increase Fund	-	-
Legal Reserves	532	717
Extraordinary Reserves	2.636	4.321
Other Profit Reserves	-	-
Retained Earnings / Accumulated Losses	(5.123)	40
Net Profit or Loss	9.624	(4.800)
Total	26.955	24.331

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

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

1. Information on Off-Balance Sheet Liabilities

1.a Nature and amount of irrevocable loan commitments:

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

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

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

As of the balance sheet date, total letter of credits is TRY 180.321 Thousand (December 31, 2008: TRY 260.512 Thousand).

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

As of balance sheet date, total letters of guarantee is TRY 357.761 Thousand (December 31, 2008: TRY 299.282 Thousand).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	98.107	7.530
With Maturity of One Year or Less than One Year	-	-
With Maturity of More than One Year	98.107	7.530
Other Non-Cash Loans	618.276	560.233
Total	716.383	567.763

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

1. Information on Off-Balance Sheet Liabilities (Cont'd)

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	115.447	33	132.721	36	64.928	29	155.642	45
Mining	404	-	-	-	4.501	2	-	-
Manufacturing Industry	7.766	2	22.827	6	9.010	4	31.325	9
Electricity, Gas, Water	107.277	31	109.894	30	51.417	23	124.317	36
Construction	30.171	9	26.070	7	9.123	4	37.070	11
Services	122.788	36	212.629	57	146.811	67	154.189	44
Wholesale and Retail Trade	-	-	105.151	29	-	-	144.790	41
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Communication	2	-	98.107	26	2	-	-	-
Financial Institutions	118.619	35	8.982	2	142.804	65	9.096	3
Real Asset and Leasing Services	167	-	389	-	5	-	303	-
Self-employment Services	4.000	1	-	-	4.000	2	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	76.557	22	-	-	-	-	-	-
Total	344.963	100	371.420	100	220.862	100	346.901	100

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

	I st Group				II nd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TP	YP	TP	YP	TP	YP	TP	YP
Non-Cash Loans	344.963	371.420	220.862	346.901	-	-	-	-
Letters of Guarantee	268.406	89.355	220.854	78.428	-	-	-	-
Bank Acceptances	-	-	-	439	-	-	-	-
Letters of Credit	-	180.321	-	260.512	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issues of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other Commitments and Contingencies	76.557	101.744	8	7.522	-	-	-	-

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

III. Explanations Related to the Consolidated 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)	572.050	624.056
Forward transactions	-	3.473
Swap transactions	249.644	430.112
Futures transactions	-	-
Option transactions	322.406	190.471
Interest related derivative transactions (II)	1.706.360	583.795
Interest rate swap transactions	4.549	411
Interest option transactions	58.150	68.962
Futures interest transactions	1.643.661	514.422
Other trading derivative transactions (III)	68.255	86.683
A. Total trading derivative transactions (I+II+III)	2.346.665	1.294.534
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
B. Total hedging related derivatives	-	-
Total Derivative Transactions (A+B)	2.346.665	1.294.534

As of December 31, 2009, the breakdown of the Group'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	-	-	72.943	35.029	64.775	64.775	-	-	12.920	32.880
USD	-	-	33.804	83.290	37.708	37.708	-	-	22.455	-
EURO	-	-	7.820	7.807	76.809	76.809	-	1.643.661	-	-
Other	-	-	13.500	-	10.986	10.986	-	-	-	-
Total	-	-	128.067	126.126	190.278	190.278	-	1.643.661	35.375	32.880

	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

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(Cont'd)

III. Explanations Related to the Consolidated 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	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Swap Transactions	6.706	(7.492)	249.644	19.345	(18.410)	430.112
Interest Rate Swap Transactions	2.758	(2.667)	4.549	20	(18)	411
Forward Transactions	-	-	-	57	-	3.473
Futures Transactions	-	-	1.643.661	-	-	514.422
Option Transactions	1.521	(1.521)	380.556	1.633	(8.508)	259.433
Other	298	(298)	68.255	-	-	86.683
Total	11.283	11.978	2.346.665	21.055	(26.936)	1.294.534

Fair value hedges

For the year ended December 31, 2009 the Group does not have any items to hedge financial risks (December 31, 2008: None).

Hedging from the cash-flow risk:

As of December 31, 2009 the Group has no cash-flow hedging transactions (December 31, 2008: None).

3. Explanations on Contingent Liabilities and Assets

There are 12 legal cases against the Group which are amounting to TRY 151 Thousand as of the balance sheet date.

4. Custodian and Intermediary Services:

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

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SECTION FIVE (Cont'd)

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

IV. Explanations Related to the Consolidated Statement of Income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans				
Short Term Loans	4.500	3.822	5.184	4.583
Medium and Long Term Loans	90.948	118.059	68.330	95.498
Interest on Non-performing Loans	3.280	-	3.101	445
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	98.728	121.881	76.615	100.526

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic Banks	9.355	578	6.710	2.055
Foreign Banks	5	811	2	2.061
Branches and Head Office Abroad	-	-	-	-
Total	9.360	1.389	6.712	4.116

1.c Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	4.162	17	1.447	130
Domestic Banks	-	-	1.061	-
Foreign Banks	214.323	30.407	210.008	30.755
Branches and Head Office Abroad	13.495	-	261	-
Total	231.980	30.424	212.777	30.885

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1.222	1.720

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations Related to the Consolidated Statement of Income (Cont'd)

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	1.201	16.595	4.840	39.100
The Central Bank of Turkey	28	-	48	-
Domestic Banks	852	400	3.582	2.184
Foreign Banks	321	16.195	1.210	36.916
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	128.675	-	49.080
Total	1.201	145.270	4.840	88.180

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

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

2.c Information on interest expenses to securities issued:

The Group has no interest expense on securities issued.

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

The Group is not authorized to accept deposits.

3. Information on Dividend Income:

	Current Period	Prior Period
Trading Securities	488	203
Financial Assets at Fair Value Through Profit and Loss	-	-
Available-for-Sale Securities	2.097	112
Other	2.499	1.817
Total	5.084	2.263

4. Information on Net Trading Income (Net)

	Current Period	Prior Period
Profit	388.357	919.687
Gains on capital market operations	22.663	2.782
On derivative financial instruments	106.920	289.924
Foreign exchange gains	258.774	626.981
Losses (-)	(372.456)	(959.917)
Losses on capital market operations	(7.632)	(19.408)
On derivative financial instruments	(105.797)	(298.851)
Foreign exchange losses	(259.027)	(641.658)

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SECTION FIVE (Cont'd)

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

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

5. Information related to Other Operating Income

	Current Period	Prior Period
Provisions Released	19.564	6.318
Gains on Sale of Assets	3.956	3.962
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	161	3.890
From Properties Sales	40	-
From Other Asset Sales	3.755	72
Other (*)	54.136	3.217
Total	77.656	13.497

(*) TRY 48.529 Thousand fair value difference of Group's investment property is included.

6. Provision Expenses related to Loans and Other Receivables of the Group

	Current Period	Prior Period
Specific provisions for loans and other receivables	872	11.885
III. Group	181	2.053
IV. Group	4	-
V. Group	687	9.832
General provision expenses	493	12.375
Provision expenses for possible losses	-	25.000
Marketable securities impairment expenses	5.086	1.468
Trading securities	77	16
Investment securities available for sale	5.009	1.452
Impairment provisions	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investment securities held to maturity	-	-
Other (*)	36.066	3.154
Total	42.517	53.882

(*) In the current period, the Parent Bank recorded TRY 35.000 Thousand provision for possible risks on credit portfolio which may occur in the future period.

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SECTION FIVE (Cont'd)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations Related to the Consolidated Statement of Income (Cont'd)

7. Information Related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	44.075	41.348
Reserve for employee termination benefits	356	20
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	7.539	2.711
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	309	213
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	707	548
Depreciation expenses of assets held for resale	1.341	1.658
Impairment expenses of assets held for sale	-	-
Other operating expenses	19.645	25.686
Rent expenses	1.234	2.165
Maintenance expenses	1.126	920
Advertisement expenses	1.452	1.046
Other expenses	15.833	14.094
Loss on sales of assets	26	3
Other	471	7.458
Total	74.469	72.184

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

As of December 31, 2009, profit before tax of the Group has increased by 104,32% as compared to the prior year (December 31, 2008: 0,68%). In comparison with the prior year, the Group's net interest income, net fee and commission income have increased by 2,45% and 52,16% respectively and provisions and operating expenses has decreased by 7,20% (December 31, 2008: net interest income 75,99% increase; net fee and commission income 27,39 increase; provisions and operating expenses 65,54% decrease).

9. Information on tax provision for continued and discontinued operations:

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

The Group's current tax charge for the period is TRY 63.390 Thousand (December 31, 2008: TRY 31.512 Thousand). Deferred tax benefit is TRY 26.435 Thousand (December 31, 2008: TRY 2.199 Thousand deferred tax benefit).

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

Deferred tax benefit calculated on temporary differences is TRY 26.435 Thousand (December 31, 2008: TRY 2.199 Thousand deferred tax benefit).

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

9. Information on tax provision for continued and discontinued operations (Cont'd)

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

As of December 31, 2009, deferred tax benefit calculated based on temporary timing differences is TRY 26.435 Thousand (December 31, 2008: TRY 2.199 Thousand deferred tax benefit). There is no deferred tax benefit or charge reflected to income statement on carry forward tax losses, tax deductions and exceptions (December 31, 2008: None).

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

As of December 31, 2009, net profit of the Group has increased by 107,21% compared to the prior year (December 31, 2008: 4,06% 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 Group has generated TRY 503.147 Thousand interest income, TRY 245.081 Thousand interest expenses, TRY 24.370 Thousand net fee and commission income from banking operations (December 31, 2008: TRY 450.076 Thousand interest income, TRY 198.181 Thousand interest expenses, TRY 16.016 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 income/loss for the period.

11.c Minority share of profit and loss:

The current year profit attributable to minority shares is TRY 9.624 Thousand. The total shareholders' equity, including current year profit attributable to minority shares is TRY 26.955 Thousand.

The current year profit attributable to minority shares is TRY (4.800) Thousand. The total shareholders equity, including current year profit attributable to minority shares is TRY 24.331 Thousand.

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:

	Current Period	Prior Period
Gains on Other Fees and Commissions		
Gains on Brokerage Commissions	14.865	9.111
Investment Fund Management Income	3.855	3.345
Other	4.129	2.888
Total	22.849	15.344

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SECTION FIVE (Cont'd)

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

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

1. Information related to capital:

As of December 31, 2009, the shareholders and capital structure of the Parent Bank are as follows:

Name Surname/Commercial Title	Share Amounts	Share Rates (%)	Paid in Shares	Unpaid Shares
T. İş Bankası A.Ş. Group	300.720	50,12	300.720	-
T. Vakıflar Bankası T.A.O.	50.265	8,38	50.265	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	249.002	41,50	249.002	-
Physically Under Custody (Other Institutions and Individuals)	13	-	13	-
Total	600.000	100,00	600.000	-

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

Name Surname/Commercial 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 (Other Institutions and Individuals)	207.612	41,52	207.612	-
Physically Under Custody (Other Institutions and Individuals)	11	-	11	-
Total	500.000	100,00	500.000	-

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 96.000 Thousand of this increase has been incorporated from the profit of the year 2008 and TRY 4.000 Thousand from the extraordinary reserves. The increase in the paid capital was approved by the BRSA on April 29, 2009. The registration has been declared on T.C. İstanbul Trade Registry Gazette numbered 7335 on June 18, 2009.

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

As of December 31, 2009, TRY 37.647 Thousand value increase is accounted for arising from the valuation of available for sale investments at fair value. TRY 11.443 Thousand deferred tax is offset against value increase related to these investments and as a result, TRY 49.090 Thousand net value increase is disclosed under the securities value increase fund in the statement of changes in the equity. In the prior period, TRY 34.534 Thousand value increase is accounted for arising from the valuation of available for sale investments at fair value. TRY 5.553 Thousand deferred tax is offset against value increase related to these investments and as a result, TRY 28.981 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 accounted for under equity.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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V. Explanations Related to Consolidated 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 Parent 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 are 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:

As of the reporting date, there are no dividends proposed by the Parent Bank for the approval in the General Assembly as explained above.

7. Amounts transferred to legal reserves

In the current year, TRY 13.398 Thousand was transferred to the legal reserves (December 31, 2008: TRY 14.241 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 Consolidated Statement of Cash Flows

1. Explanations about Other Cash Flows Items and the Effect of Changes in Foreign Exchange Rates in Cash and Cash Equivalents

In the current period, the other income, TRY 31.963 Thousand, consists of income from leasing, income from capital market operations and other non-interest income. (December 31, 2008: TRY 3.596 Thousand; income from leasing, income from capital market operations and gain on sale of assets other non-interest income.)

Other items amounting to TRY (25.222) Thousand (December 31, 2008: TRY (36.592) Thousand) in operating profit before changes in operating assets and liabilities consists of operating expenses and fees and commissions paid except for personnel expenses, leasing expenses, reserve for employee termination benefits, amortization charges and tax paid.

In the current period, TRY 69.425 Thousand net increase/decrease in other assets consists of sundry receivables and changes in other assets and intangible assets (December 31, 2008: TRY (80.606) Thousand).

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SECTION FIVE (Cont'd)

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

VI. Explanations Related To Consolidated Statement of Cash Flows

1. Explanations about Other Cash Flows Items and the Effect of Changes in Foreign Exchange Rates in Cash and Cash Equivalents (Cont'd)

In the current period, TRY 51.391 Thousand other liabilities consists of changes in tax liability and sundry creditors.

In the prior period, TRY (31.144) Thousand other liabilities consists of changes in tax liability, sundry creditors and differences from assets held for sale and from discontinued operations liability.

In the current period, the effect of foreign currency differences on cash and cash equivalents was TRY 253 Thousand.

In the prior period, the effect of foreign currency differences on cash and cash equivalents was TRY 14.667 Thousand.

2. Information about Cash Flows from Acquisition of Associates, Subsidiaries, and Other Investments:

In the current period, the Group invested TRY 81.346 Thousand to movable fixed assets and properties.

In the current period, the Group invested TRY 60 Thousand to associates, subsidiaries, and other investments and TRY 33.809 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 equivalent assets

In the current period, the Group has generated cash inflows of TRY 4.299 Thousand on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

In the current period, the Group has generated cash inflows of TRY 3.130 Thousand on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

4. Cash and cash equivalents at the beginning and end of period:

Cash and cash equivalents at the beginning of period:

	At the beginning of Current Period	At the beginning of Prior Period
Cash	2.917	4.223
Cash Equivalents	233.601	62.744
Total	236.518	66.967

Cash and cash equivalents at the end of period:

	At the end of Current Period	At the End of Prior Period
Cash	3.170	2.917
Cash Equivalents	361.049	233.601
Total	364.219	236.518

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SECTION FIVE (Cont'd)

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

VI. Explanations Related To Consolidated Statement of Cash Flows (Cont'd)

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

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

6. Additional Information Related to Financial Position and Liquidity

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 are investigated.

VII. Explanations on the Risk Group of the Parent Bank

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

1.a Current Period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group (*)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	56.130	5	-	141.759	66.812	226
Balance at the end of the period	56.526	334	39.691	117.413	39.585	1
Interest and commission income	1.116	3	203	384	941	-

(*) Other entities included in the risk group; covers the financial lease receivables amounting to TRY 1.433 Thousand (December 31, 2008: TRY 2.776 Thousand).

1.b Prior Period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group (*)	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	16.560	168	-	24.347	65.319	225
Balance at end of the period	56.130	5	-	141.759	66.812	226
Interest and commission income received	1.366	-	-	63	2.708	-

(*) Other entities included in the risk group; covers the financial lease receivables amounting to TRY 2.776 Thousand.(December 31, 2007: TRY 3.240 Thousand).

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SECTION FIVE (Cont'd)

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

VII. Explanations on the Risk Group of the Parent Bank (Cont'd)

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

The Parent Bank is not authorized to accept deposits.

2. Information on Forward and Option Agreements and Other Similar Agreements made with Related Parties:

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

3. Total salaries and similar benefits provided to the key management personnel

Benefits provided to key management personnel in the current period is amounting to TRY 6.980 Thousand (December 31, 2008: TRY 6.310 Thousand).

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

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

	Number	Number of Employees			
Domestic branches	12	441			
			Country of Incorporation		
Foreign Rep-offices	-	-	1-		
			2-		
			3-		
				Total Asset	Capital
Foreign Branches	-	-	1-		
			2-		
			3-		
Off-shore Banking Region Branches	1	2	1-Bahreyn	257.037	-
			2-		
			3-		

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

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

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
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SECTION SIX

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

I. Other Explanations Related to the Operations of the Group

1. 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 January 8, 2010.

MOODY'S

Financial Rating Note	D+
Outlook	Stable
Foreign Currency	
Long-term Maturity	BA3
Outlook (*)	Stable
Short-term Maturity	N/P

Information above is received from Moody's Investors Service report as of January 8, 2010.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, declared TSKB's corporate governance rating as 8,77 over 10 (87,69%) on its report dated on October 20, 2009. With respect to CMB's board decision No: 4/100 on February 7, 2005, ratings under the main topics of Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors are declared as; 85,46 (Weight: 25%), 93,07 (Weight: 35%), 95,70 (Weight: 15%), 77,58 (Weight: 25%) respectively. The number of firms in Istanbul Stock Exchange Corporate Governance Index rises to 18 with TSKB, the 12th Istanbul Stock Exchange firm rated by SAHA A.Ş.

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

OTHER EXPLANATIONS (Cont'd)

I. Other Explanations Related to the Operations of the Bank (Cont'd)

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

At the Bank's Board of Directors meeting held on February 2, 2010, it has been indicated that the efforts on valuation and initial public offering of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries of TSKB, are still carried on and it has been reached to the stage for applying to Capital Market Board and İstanbul Stock Exchange for registration to the board and being quoted in the stock exchange market. It has been resolved that the current TRY 100 Million paid in capital of TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. to be increased to TRY 150 Million within the registered capital ceiling of TRY 200 Million and of that TRY 50 Million capital increase to be offered to public restricting the privilege rights of the current shareholders.

At the Parent Bank's Board of Directors meeting held on February 5, 2010, it has been resolved on the Bank's participation with a share of 96% and capital of TRY 48 Thousand to "TSKB Gayrimenkul Aracılık Hizmetleri A.Ş." to be established with a capital of TRY 50 Thousand.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report

The consolidated financial statements and notes to the consolidated financial statements as at December 31, 2009 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Member of Deloitte Touche Tohmatsu").

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

II. Explanations and Notes Prepared by Independent Auditor

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