

We created this rhythm together...



2009 Annual Report



Agenda for the Ordinary General Assembly- March 25th,2010

1. Opening, constitution of the Presidency Board in accordance with the Articles of Association of the Bank, and delegation of authority to the Presidency Board for the execution of the minutes of the General Assembly,
2. Review and discussion of the Annual Reports of the Board of Directors and Auditors and Independent Auditors regarding the accounts and transactions of the Bank for the year of 2009,
3. Review, discussion and approval of the balance sheet and profit and loss statement of the Bank for the year of 2009,
4. Adoption of a resolution regarding the determination and allotment of the profit to be distributed; determination of the dividend allotment date,
5. Release of the Members of the Board of Directors and Auditors,
6. Election of Auditors,
7. For the approval of General Assembly presenting the Independent External Auditing Firm determined by Board of Directors,
8. Determination of appropriation to be paid to the Members of Board of Directors and Auditors,
9. Presentation of the information regarding the disclosure policy of bank,
10. Presentation of the information regarding the donations made within the year,
11. Authorization of the Members of the Board of Directors for the transactions depicted in Articles 334 and 335 of the Turkish Commercial Code.

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We created
this rhythm together...



Celebrating 60 years of service in 2010...

In the past 60 years, TSKB has

- continuously played a key role in Turkey's development,
- been appreciated and supported by its stakeholders due to its economic, environmental and social performance and
- become the pioneer of its sector through its operations.

The story of TSKB, with its past, present and future, is a long and successful one. The bank looks to the future with confidence and believes in Turkey's potential and strength. This past 60-year period is a story of achievement, in which professionals focus on the same targets in a highly motivated and dynamic manner, from one generation to the next.

TSKB is like a corporate citizen with advanced forecasting ability, always looking forward without losing its dynamism throughout its corporate history. TSKB's past can be compared to a piece of fine music which one never tires of listening to, in which one discovers new depths, new colors and new beginnings, which touches something deep inside us every time it is performed. TSKB is a corporation which has caught the beat which will guide it in its journey into the future, in a piece of music it has composed with the contribution of its stakeholders, while focusing on the future and with a strong belief in success.

In our report, we have presented the details depicting how our music evolves each day with new colors and the rhythm we have caught.

Corporate Profile

Turkey's first privately-owned development and investment bank

Preparing to celebrate its 60th anniversary in 2010, TSKB (the Industrial Development Bank of Turkey) has served as a showcase of sustainability since 1950. During this time, the Bank has played a continuous key role in Turkey's economic development, and has won the appreciation and support of its stakeholders on the basis of its economic, environmental and social performance, become a pioneer of the banking sector with a string of firsts to tie to its bow. TSKB continues steadfastly to support investments which raise our country's production capacity and quality of life.

Providing high added-value services to an extensive portfolio of customers

TSKB serves customers in the areas of corporate lending, project finance, investment banking, corporate finance services, capital markets brokerage, financial leasing and portfolio management.

TSKB contributes to the continuous development of the Turkish economy through long-term resources for investment projects and customer-specific consultancy and brokerage services. TSKB takes into account the environment impact dimension in loan granting and supports investments in renewable energy, energy efficiency and the environment in a wide range of sectors, while disbursing SME loans which it obtains from international institutions.

TSKB's mission to be Turkey's "environmentally friendly bank" is undertaken as an essential component of all its activities ranging from credit-evaluation to social responsibility and social awareness enhancement projects.

TSKB believes that sustainable banking is the key to sustainable development. This expression is also a summary of TSKB's strategy of sustainability.

TSKB is the first bank in its sector to

- receive the **ISO 14001 Environmental Management Standard Certificate** and to have an **Environmental Management System** in place;
- be awarded the **"Sustainable Banking Award of the Year"** by the Financial Times and International Finance Corporation (IFC) in the Southern European region twice in succession, in 2008 and 2009;
- sign the **United Nations Environment Programme Finance Initiative (UNEP FI)** covenant;
- become a "Carbon-Neutral" bank by removing its own carbon footprint, a success which was approved by the Netherlands based HIER; and
- **use renewable energy** in all its service facilities.

41.5% of TSKB shares trade on the Istanbul Stock Exchange's (national) market under the "TSKB" ticker. The bank's main shareholder (controlling a 50.12% stake) is Türkiye İş Bankası Group. At the end of 2009, TSKB had total assets worth TRY 6,905 million.¹

TSKB's head office is located in Istanbul. The Bank has one domestic branch in Ankara and one in Izmir, and one foreign branch in Bahrain.



¹ Information on TSKB's shareholding structure and share performance is presented on pages 6 and 232.

Mission and Vision

Our mission

For the sake of Turkey's sustainable development:

- Supplying entrepreneurs with medium and long-term financing
- Supporting foreign investment in Turkey as the best local business partner
- Playing a significant and continuous role in the development of Turkey's capital markets in Turkey
- Providing customers tailor made and innovative financial solutions and mediation services
- Creating increasingly more added value for our employees, shareholders and all other stakeholders
- Playing a pioneering role in sustainable banking with an environment-friendly approach in the execution of all banking activities.

Our vision

To be the pioneering bank in Turkey's sustainable development.

TSKB's Strengths and Goals

Strengths

- The solid capital structure and strong shareholders
- Reliability among international and funding institutions.
- The ability to access low-cost, long-term funding
- The experience to provide mid-term and long-term financing
- The capability to reach an extensive client base with low operational costs.
- Strong IT infrastructure

Goals

TSKB's corporate objective is to improve its leader position and profitability in the fields of corporate loans and investment banking which form its main scope of business.

- TSKB has drastically achieved this objective with proactive business strategies it has put into practice in the recent years. The Bank will continue to provide funds for the Turkish economy and to support the Turkish private sector in the coming years.

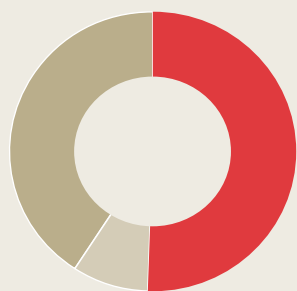
- Being the permanent address for the largest privatization projects, corporate finance transactions and M&A's (mergers and acquisitions) in Turkey, TSKB will maintain its place as one of the most active players in the market.
- In order to raise the funds required to contribute to the constant economic development needed in Turkey, TSKB is determined to provide its clients with the most attractive financing opportunities in the market. In this context, the Bank improves its strong cooperation with international financial institutions and banks.
- TSKB has started "Environment is Our Priority" which is one of the most comprehensive social responsibility projects realized in Turkey

TSKB is determined to pioneer the concept of "sustainability" in Turkey through its exemplary projects and applications.

Capital Structure and Key Indicators

TSKB's shareholder structure as of 31 December 2009 is presented below.

TSKB's Shareholder Structure (%)



■ T. İş Bankası Group **50.12%**
■ T. Vakıflar Bankası **8.38%**
■ Free float and others **41.5%**

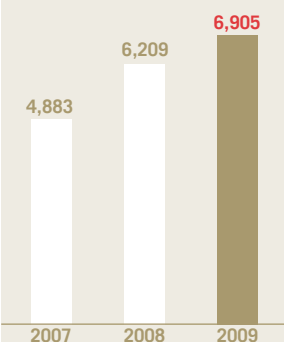
T. İŞ BANKASI A.Ş.	40.52%
CAMİŞ YATIRIM HOLDİNG A.Ş.	5.80%
MİLLİ REASÜRANS TÜRK A.Ş.	1.20%
ANADOLU HAYAT EMEKLİLİK A.Ş.	0.91%
ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ A.Ş.	0.89%
T. İŞ BANKASI MENS. MUN. SOS. GÜV. VE YAR. SAN. VAKFI	0.80%
T. İŞ BANKASI GROUP	50.12%
TÜRKİYE VAKIFLAR BANKASI T.A.O.	8.38%
İSTANBUL CHAMBER OF COMMERCE	0.52%
İSTANBUL COMMODITY EXCHANGE	0.21%
İSTANBUL CHAMBER OF INDUSTRY	0.12%
OTHERS	9.84%
FREE FLOAT	30.81%
TOTAL	100.00%

Board Members, Statutory Auditors, CEO and Executive Vice Presidents do not control more than a negligible shareholding interest in the Bank.

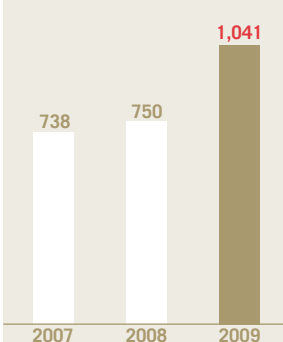
In 2009, TSKB's net profit increased by

47%

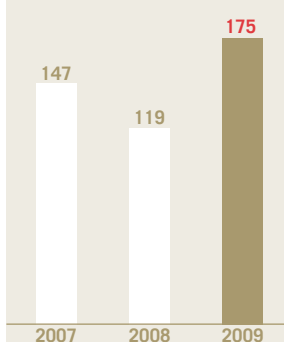
Total Assets (TRY million)



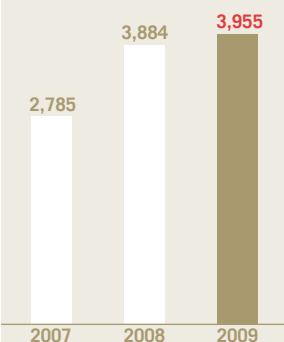
Shareholders' Equity (TRY million)



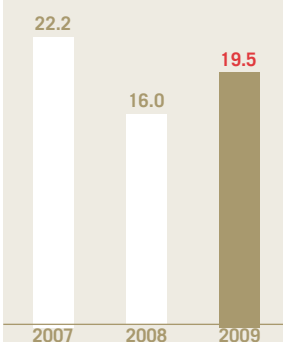
Net Profit (TRY million)



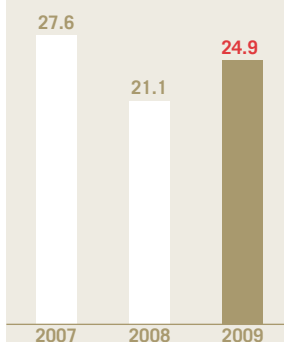
Loan Portfolio (TRY million)



Average Return on Equity (%)



Capital Adequacy Ratio (%)



Highlights from Our Economic Performance

With its strong and stable performance, TSKB has continued to chart its progress in line with its mission. In a period of global economic crisis, acted in line with its “sustainable banking for sustainable development” mission and transferred continuous resources to real economy.

Key Indicators

(TRY million)	2007	2008	2009
Total Assets	4,883	6,209	6,905
Loan Portfolio	2,785	3,884	3,955
Shareholders' Equity	738	750	1,041
Net Profit	147	119	175

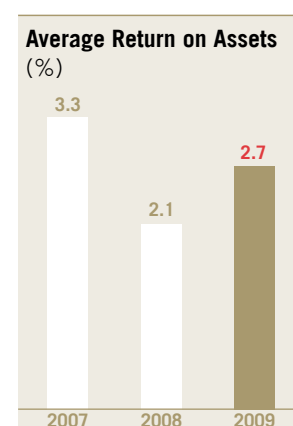
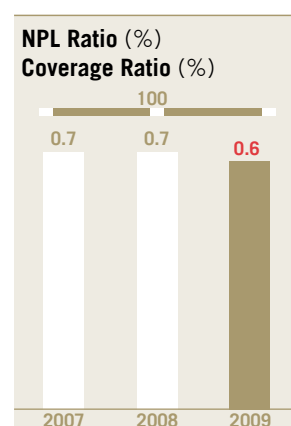
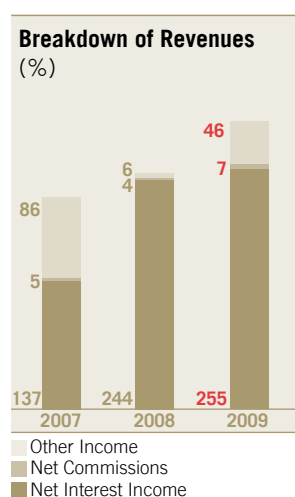
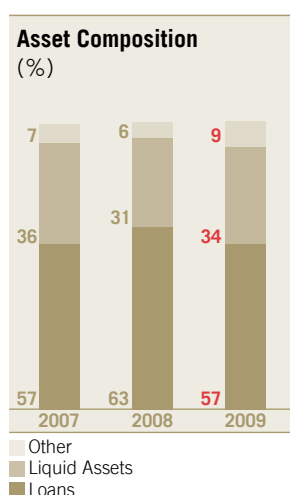
Key Ratios

(%)	2007	2008	2009
Average Return on Equity	22.2	16.0	19.5
Average Return on Assets	3.3	2.1	2.7
Capital Adequacy Ratio	27.6	21.1	24.9

Developments in TSKB's credit ratings

- Fitch Ratings announced on December 11, 2009 that it had raised TSKB's long-term FX credit rating from “BB” to “BB+”.
- Moody's Investors Service Inc., announced on January 8, 2010 that it had revised TSKB's long-term FX deposit credit rating from B1 to Ba3. While our Bank's TRY global deposit credit rating was confirmed as Baa2, its outlook on the credit rating was announced as stable.

Detailed information on TSKB's credit ratings is presented on page 157.



Milestones of Sustainable Banking in TSKB since 1950

Turkey's first privately-owned investment and development bank TSKB was founded with the support of World Bank and the Central Bank of the Republic of Turkey.

In the years immediately after it was founded, TSKB undertook important duties in line with its mission as an investment and development bank such as securing medium and long-term credit for private-sector projects, providing technical support to project sponsors, and conducting preliminary studies for and then spearheading and initiating the formation of capital markets in Turkey.

During the same period, TSKB was the only bank capable of supplying the foreign currency credit needed to finance imports of capital goods and it was also the only organization handling cash sales of foreign currencies released under the Marshall Plan.

In the 1960's, TSKB issued, underwrote and guaranteed company bonds and carried out its first initial public offerings of shares from its own portfolio of holdings. The Bank became the first company in Turkey to be audited by an internationally recognized independent auditor during the same period.

As a Turkish equity stake of IFC, a member of the World Bank Group, TSKB undertook important roles in the country's industrialization, and provided credit support for a wide range of manufacturing activities such as the first Turkish-made buses and automobiles, automobile tires, LPG cylinders, high-voltage cables, batteries, cardboard, plastics, and acrylic fibers.

In the 1970's, TSKB played a key role in encouraging private-sector investment in Turkey's developing regions. During this period, the Bank carried out the first issuance of its own long-term bonds while also tapping into the European credit market with its first medium-term syndications.

In the same years, TSKB has achieved another 'first' by starting to offer comprehensive research services for the manufacturing and service sectors as well.

In the 1980's, TSKB continued to provide funding and resources to the private sector within the context of investment and development banking.

During the same period, the Bank embarked on highly important ventures in its international relations. TSKB successfully issued a series of "Samurai bonds" in Japan. Through the process of diversifying its relations with European and Japanese financial institutions and the Bank secured new sources of funding. TSKB took active role in Turkey's Privatization Master Plan and served as a consultant for the privatization of the country's state-owned cement plants.

In the 1990's, TSKB strengthened its effectiveness in the investment banking business in Turkey.

At the same time the Bank also continued to develop and diversify its cooperation with international banks as well. Long-term foreign currency and interest rate swap agreements were signed with international financial institutions. The Bank served as a consultant for the European Bank for the Reconstruction and Development (EBRD) in Uzbekistan, undertook the management of the Risk Capital Fund set up by the European Investment Bank, and voluntarily took part in the "Risk Management Learning" program supported by the World Bank.

1990's was a period of successful initial public offerings of TSKB. Leading the establishment of over the counter bond and capital stock markets, the Bank has become more effective with the establishment of IMKB (Istanbul Stock Exchange) and maintained its leading position in these markets. Through its transactions in

IMKB, TSKB played an important role in restructuring the profile of public companies in 1960's and 1970's and undersigned various transactions including the public offering of Türkiye İş Bankası in 1990's.

In 2000's, the journey of TSKB through sustainable banking continuously accelerates. Seeking to enhance its visibility and reputation in the international arena, TSKB tapped into the international syndication and murabbaha markets for the first time. In a world where protecting the environment had been a primary issue, TSKB started its first lending activities that incorporated environment-aware criteria. In addition to lending directly to firms, the Bank also began providing indirect funding through commercial banks and leasing companies within the context of its "APEX banking" operations.

In 2007 TSKB became the first Turkish bank to receive ISO 14001 Environmental Management System certification.

For two years in a row, TSKB has been the recipient of the "Sustainable Bank of the Year" award in the Eastern Europe category under the "Sustainable Banking Awards" program conducted jointly by Financial Times (FT) and the International Finance Corporation (IFC). As 2010 approached, TSKB became Turkey's first "carbon-neutral" bank. The Bank has taken yet another important step by joining other international organizations that are mindful of the environment and of sustainable development as a member of the United Nations Environment Programme Finance Initiative (UNEP FI).

'Firsts' of TSKB from 1950's to 2000's

1950's

- Provide technical assistance to project sponsors - Provide medium to long term loans to private sector on project basis

1960's

- Underwrite and guarantee corporate bond issues - Offer to public mature shares from its equity portfolio - Issue its own long term bonds - Have its records audited by an independent auditing company

1970's

- Promote private investment in underdeveloped regions - Mobilize funds through medium term syndicated loans from Euro-market - Undertake major sector research work on industry and service sectors

1980's

- Construct short-term econometric model of the Turkish Economy - Construct funds flow model of Turkish Financial Sector - Provide foreign currency based investment loans with FX risk cover - Issue its own bonds in international capital markets - Conduct Producer Surveys on various sectors of economy - Secure lines of buyer credit from European and Japanese institutions - Offer Consultancy and advisory services in textiles and other sectors in cooperation with international advisors - Privatization consultancy for state owned cement factories - Issue its own short term commercial paper as well as guarantee and market those of its clients - Prepare Turkey's first Privatization Master Plan - Realize the first public offering of a company's shares with firm underwriting - Establish line of equity relations with Islamic Development Bank

1990's

- Enter into long-term currency and interest rate swap agreements with international banks - Provide floating-rate based medium term Turkish Lira loans to industry - Provide consultancy services to European Bank for Reconstruction and Development (EBRD) in Uzbekistan - Management of a Risk Capital Fund provided by the European Investment Bank - Undertook a voluntary "Risk Management Review" supported by World Bank

2000's

- Provision of a credit line specifically for a healthier environment - First bank to establish a real estate appraisal company with Capital Market Board Approval - Provision of Secretariat service to the Istanbul Approach - Creation of a Risk based credit pricing model - First Turkish Institution to receive a loan from Agence Française de Développement - First Turkish Institution to become a shareholder of European Investment Fund - The first Turkish owned bank to obtain the ISO 14001 Environment Management Certificate - The first Turkish Bank to calculate and neutralize its carbon footprint

Awards and Recognition

Successes of TSKB are met with applause internationally and are awarded.



In 2008-2009...

TSKB is proud to have brought the “Sustainable Bank of the Year of Eastern Europe” award to Turkey in “Emerging Markets Sustainable Bank of the Year” 2008 and in 2009.

Systematic and dedicated efforts of TSKB since 1980 have furnished the concept of sustainable banking into the DNA of all employees and the organization.

TSKB is the first and still the only bank holding these qualities in Turkey.

From its environmental bank mission to the environmental criteria that it sets in financing activities, from its mission on development banking to considering environmental impacts of its operations, and also the sensitivity that its employees display the Bank's environment strategy clearly. This strategy was crowned in 2008 by winning the Financial Times (FT) - International Finance Corporation (IFC) “Emerging Markets Sustainable Bank of the Year” award in Eastern Europe Region. TSKB proved its success and determination in “sustainable banking” globally by embracing the same award once more in 2009.

Noting that there had been no letup in the Bank's ongoing attention to environmental issues, TSKB General Manager Halil Eroğlu said in a speech made on the occasion of the Bank's second receipt of the award “TSKB has always been the author of firsts in environment-related matters through the projects that it has brought to life in the course of its 59-year history. We were the first Turkish bank to receive ISO 14001 Environmental Management System certification, the first to receive the Financial Times “Sustainable Bank of the Year” award, and the first to be admitted to the United Nations Environment Programme

Finance Initiative (UNEP FI). Our receipt of the “Sustainable Bank of the Year” award for this, the second time, is important as a symbol of the seriousness of our approach towards environmental issues. We take great pride and pleasure to embrace such a meaningful award once again.”

Other Awards of TSKB

1997

- Emerging Markets Investor Magazine - Best Research Institution of Turkey
- Euromoney - “Best Investment Bank of Turkey” 3 years in a row

1998

- The highest rating given to a bank among all developing economies by the international rating corporation Thompson Bankwatch
- Euromoney - “Best Investment Bank of Turkey” 3 years in a row

1999

- Euromoney - “Best Investment Bank of Turkey” 3 years in a row

2004

- Euromoney - “Awards for Excellence-2004” / “Best Local Partner”

2005

- Euromoney - “Awards for Excellence-2005” / “Best M&A”

2008

- Euromoney - “European Renewables Geothermal Deal of the Year” / Gurmat Project
- Euromoney - “Euromoney Project Finance Deal of the Year” / Mersin International Port Project
- PFI - “Infrastructure Deal of the Year” / Mersin International Port Project



Products and Services of TSKB

TSKB is an development and investment bank. The main lines of business are mid and long term lending and project financing; corporate financing with comprehensive consulting services and full range of investment banking services provided for individual and corporate investors.

Corporate clients	Lending and project finance <ul style="list-style-type: none"> • Corporate lending • Project finance 	<p>Two types of lending are used in TSKB:</p> <ul style="list-style-type: none"> • Direct lending • Indirect lending (APEX banking). <p>Direct lending consists of financing investment projects of clients ranging from large corporate companies to SMEs. Gaining an increasing importance in the portfolio of TSKB in the recent years, project finance is especially developed to finance energy projects.</p> <p>Renewable energy, energy efficiency and environment related lending holds an important part of TSKB's product line. Related activities of TSKB are given in detail on page 28 under the Sustainable Finance topic.</p> <p>The indirect lending activities of TSKB are under APEX banking.</p> <p>APEX banking enables TSKB to reach all the companies which are capillary vessels of the Turkish economy. It also creates an effective platform for TSKB to share its environment sensitive policies and principles with both intermediaries and the borrowing companies. The related activities of TSKB are given in detail on page 30.</p>
	Corporate finance <ul style="list-style-type: none"> • Public offerings of stocks • Consultancy on privatization • Mergers & Acquisitions • Issuing of debt instruments • Strategic consultancy 	<p>TSKB is the leader of corporate finance in Turkey as a result of the projects realized since 1960s, bringing peerless trust and reputation to the Bank.</p> <p>TSKB is accepted as the most preferred solution provider on corporate finance in the current dynamic market conditions, undersigning numerous 'firsts' from the Privatization Master Plan of Turkey to first public offering of a company's shares with firm underwriting. The Bank serves a wide range of clients on a non-discriminatory basis (public or private - local or foreign) in various business lines such as M&A's, issuing of bonds, strategic consulting and public offerings.</p>
Individual and corporate clients	Capital markets intermediary facilities and portfolio management <ul style="list-style-type: none"> • Mutual funds • TSKB Trading Platform • Portfolio management • Capital and money markets intermediation services • Turkdex Turkish Derivatives Exchange 	<p>TSKB provides brokerage and portfolio management services in capital markets for its individual and corporate clients with private banking approach.</p> <p>TSKB Mutual Funds</p> <p>TSKB provides its clients with 5 conventional investment funds and guaranteed sub funds developed in accordance to their expectations under an umbrella fund. The funds are based on risk preferences and managed by professional fund managers according to the Bank's fund management strategies.</p> <p>TSKB Trading Platform (TTP)</p> <p>TTP is the trading platform where TSKB clients can reach stock exchange, futures - options and foreign currency markets on-line and make electronic transactions</p> <p>Portfolio management, capital and money markets mediation services</p> <p>In addition to portfolio management services TSKB provides its individual clients a wide range of investment services such as stocks, mutual funds, bonds and equity trade; repot and foreign currency transactions and alternative money and capital market transactions.</p> <p>Turkdex Turkish Derivatives Exchange</p> <p>TSKB serves the clients of Turkdex Turkish Derivatives Exchange where options and futures transactions are realized.</p>

Chairman's Message

In parallel with the positive trend in the global economy, financial markets began to improve and recover in the second quarter of 2009.

H. Ersin Özince

Chairman of the Board of Directors



Esteemed shareholders,

Before I present TSKB's 2009 annual report and independently audited financial statements for your consideration, I would like to share my thoughts with you on the economic developments taking place both in the world and in our country, the progress our Bank demonstrated in 2009, as well as my projections regarding the future.

The developments seen in the third quarter of 2009 strongly support views that we are emerging from the global crisis

The impacts of the global economic crisis that started in the US financial markets in the last quarter of 2008 and rapidly spread to the whole world began to ease as we approach to the end of 2009. Figures announced by various institutions in the same period regarding the global financial system and economic activity clearly indicate that the recovery is now underway. On the other hand, the fact that the recovery in global economic indicators is slow and unstable strengthens the belief that the recovery will be a long slog.

As well as the decisive and simultaneous financial measures taken by public authorities during the crisis, a cautious approach in the private sector also played a major role in ensuring that the global economy got back on its feet earlier than had initially been expected.

In parallel with the recovery trend in the global economy, financial markets began to improve and get better in the second quarter of 2009. The bottleneck in interbank markets, whose operations had been interrupted for a long time, was largely eliminated in 2009 as the counterparty risk was removed.

The positive contribution from the liquidity provided by various countries' central banks to the markets ensured that asset prices recovered much of their losses and even recorded some gains. Banks' balance sheets began to improve in 2009 in parallel to the government support and capital increases in developed countries. By the end of this period, stock markets had begun to climb again, spurred principally by banking stocks.

The rapid interest rate cuts in developed countries opened the tap for capital flows from this group of countries to emerging markets. Increasing portfolio investments in emerging economies during 2009 drove gains in the currencies of such countries against the US Dollar and Euro.

Lending conditions in the USA and Europe remain tighter than in the pre-crisis period. The steep decline in securitization markets, which are particularly used to finance consumer loans, was instrumental contraction of loan volumes in developed countries. Sustainability of the global economic recovery seems unlikely without fully overcoming the problems in loan markets. Likewise, concerns remain that the positive sentiment in financial markets will not be fully reflected to the real sector.

Overcoming the crisis: When and how?

A plethora of stimulus programs and policies were brought in to tackle the crisis in many developed and developing countries, in a concerted effort to minimize the impacts of the global crisis. By the end of 2009, discussion had turned to how and when such support provided within the framework of such programs would be terminated.

The implementation of exit strategies in an untimely manner would damage economic stimulus. Delay in implementing such strategies, on the other hand, could raise doubts over the solvency of the public sector.

In line with more sanguine forecasts on the global economy, discussion has now turned to strategies on how the extraordinary set of financial and monetary policies which were being applied can be terminated. It is important to target a mild transition for crisis exit strategies to be applied in the coming period though such strategies vary from country to country, to aim for coordination among countries and to focus on robust and sustainable growth in the global economy.

Bearing in mind the global fluidity and the mobility of capital, it becomes crucial to terminate national support programs in a simultaneous manner and under a cautious approach.

In line with improving forecasts regarding the global economy, discussion has turned to strategies on how the extraordinary financial and monetary policies being applied will be terminated.

Our Bank succeeded in producing value for our country thanks to its abilities, as well as its business approach which is based on high expertise and knowledge, during 2000s when change and integration with global economy gained speed.

The contraction in the Turkish economy, albeit at a decreasing pace continued till the last quarter of 2009

In 2009 the impacts of the global crisis were felt keenly in the Turkish economy, particularly by the real sector. The recession in the EU - Turkey's largest export market - precipitated a considerable decline in manufacturing and employment in exporting sectors. Moreover, increasing global risk perception emerged as a factor that made financing conditions harder for the real sector.

In 2009, it was observed that most of the manufacturing, consumption and investment decisions were postponed in Turkey. The economic contraction as of the first three quarter of 2009 was realized at 8.4%. While the domestic demand was very weak in the first quarter of the year, tax reduction applied in second and third quarters considerably slowed down contraction in private consumption.

Weakening domestic demand conditions put downward pressure on inflation in 2009. By the end of 2009, the annual rate of CPI inflation had fallen to 6.53% while the annual rate of PPI inflation had dropped to 5.93%. In 2010, on the other hand, besides the base year effects, some volatility in commodity prices – principally oil prices – may push inflation higher.

The budget realizations showed deterioration in 2009 when compared to the previous year. A rapidly increase in current transfers on the spending side, combined with declining tax receipts on the revenues side as a result of the contraction in the economy in the first quarter of the year were the main culprits behind the weaker budget realizations of 2009.

A need for development and investment banks

The global crisis in 2008 and the developments that followed in 2009 again highlighted the importance of development and investment banking for sustainable global growth. The same need is true for Turkey as a rapidly developing country.

Our country is on the verge of undertaking massive investments, mainly in such sectors as renewable energy, logistics, environment, health and education, in addition to manufacturing industry. In this period, besides the need for long-term resources, services and solutions with high added value offered by development banking in various disciplines, especially project management will play a key role.

TSKB is the pioneer of development and investment banking in Turkey

Founded with the support of World Bank and Central Bank of Republic of Turkey in 1950, TSKB, Turkey's first privately-owned development and investment bank, played key roles in parallel with its development and investment banking mission in various stages of the Turkish economy throughout the 60 years following its foundation. Our Bank has been operating in a wide array of businesses, full of various examples of pioneering and initiatives and ranging from granting medium-long term loans on a project basis to technical consultancy and capital market transactions.

During the first decade of the new century, our Bank has succeeded in producing value for our country thanks to its abilities, as well as a business approach based on high expertise and knowledge, at a time marked by ever greater change and integration with the global economy.

A shining example of development and investment banking worldwide

TSKB is a service provider that has successfully integrated the concept of sustainable banking into its practices in recent years. Crowned by being selected as "Sustainable Bank of the Year" in Eastern Europe for two years by IFC and Financial Times in succession, TSKB, in all its operations, especially resource transfers, is as meticulously devoted to economic sustainability as it is devoted to the protection of the environment and nature.

Having substantially extended its renewable energy portfolio through more than 80 projects which it financed in the last six years, TSKB is the leader by far in its own region in the field of renewable energy.

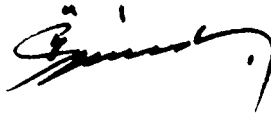
Boasting a wide and respected customer portfolio, TSKB is a leading and pioneering bank in resource allocation, so vital in Turkey's sustainable development. TSKB shares the fruits of the deeply rooted cooperation with the private sector, a cooperation it has developed over long years with supranational institutions, international financial corporations and banks, while serving Turkey's sustainable development.

Preparing for its 60th anniversary...

Backed by a robust shareholders' equity, TSKB is focused on standing by its customers and presenting the most splendid examples of sustainable banking while exiting the crisis in 2010. As we enthusiastically prepare to celebrate its 60th anniversary in 2010, our Bank has a youth and dynamism as if it was founded yesterday, while also offering the competence built on years of experience. The corporate abilities and knowledge we have built over many years represent the "most important instrument" of our professional staff in competition, and turn into an "unrivalled service power" on the customer side.

I would like to take this chance to thank our staff which have succeeded in producing the outcomes of 2009. I believe with all my heart that the same staff will read the market dynamics of 2010 in the most proper manner and add a new page to TSKB's successful performance under the guidance of our Board of Directors. TSKB will continue to move towards the future with firm steps in line with its mission, with the precious support of you, our esteemed shareholders. I would like to take this opportunity to extend my deepest thanks and gratitude.

H. Ersin Özince
Chairman of the Board of Directors



Preparing to celebrate its 60th anniversary in 2010, our Bank has a youth and dynamism as if it was founded yesterday, while also offers the competence built on years of experience.

Message from the CEO

We are delighted to share TSKB's 2009 annual report with you. This report, beyond heralding our 60th anniversary, summarizes our new pioneers and strong performance in 2009.

Halil Eroğlu

CEO and Member of Board of Directors



Esteemed shareholders, customers, colleagues, and business partners,

Sustainable performance

TSKB demonstrated a robust and sustainable performance in 2009. By the end of 2009, our Bank's total assets had increased by 11% year-on-year to reach TRY 6,905 million. In 2009, our bank wrote a gross profit of TRY 211 million; our net profit after provisions reached TRY 175 million. This represents a source of pride and honour for every TSKB stakeholder.

Total placements amounted to USD 731 million. For the last five years, the total amount of funding made available by our Bank to finance fixed capital investments reached about USD 4 billion.

During 2009, TSKB sustained its pace of equity growth, which reached TRY 1 billion by the year-end. Our Bank's capital adequacy ratio stood at an impressive 24.91%.

Regarded as the founder of sustainable banking in our country, TSKB began serving its customers 60 years ago, while assuming important duties in the sound development and growth of Turkish industry. During this period, TSKB has always stood by the private sector and pioneered development in different economic growth phases of the Turkish economy.

Details for 2009...

We predicted that 2009 would be a difficult year after the global crisis struck in 2008.

The global crisis immediately affected the Turkish economy and, in particular, the real sector which is our primary customer base. Industrial manufacturing, foreign trade and GDP had all started to decline by the last quarter of 2008; liquidity conditions worsening in almost every market around the world during the same period, inflation rates declining and rising unemployment plunged emerging markets and Turkey into recession to various extents, along with the world's primary economies.

An analysis of 2009 from a banking sector perspective would need to be discussed in two separate periods. The first half of the year refers to a period when the impacts of the crisis were severely felt in our country, when Turkey was in the midst of an economic recession. The banking sector tightened lending conditions, while keeping a closer eye on existing risks, rather than providing loans. Likewise, there was a significant contraction in loan demand from the real sector, particularly SMEs, during the same period.

The second half of the year began with a brighter picture thanks to the public authorities' decisiveness in bringing interest rates down, and the stimulus in demand on the back of the government's tax cuts. While our exporters successfully found new markets in the second half of the year to compensate for the diminished EU markets, the Turkish banking sector - which entered the crisis when it was at its strongest - began to make lending conditions more flexible when compared to the first half.

The development and reasons behind the post-crisis recession in 2009 and future-oriented risks are discussed in detail in the relative sections of our annual report.

Another year of progress in 2009 without deviating from its direction

Having experienced all of the crises and fluctuations with affected both the Turkish economy and the global economy throughout its 60-year history, our Bank continued on its path to progress in 2009 with no deviation from its course, and continued to supply long-term loans to the real sector.

Our Bank has fulfilled primary requirement of development and investment banking even under crisis conditions, and forwarded loan disbursements to projects in various sectors, mainly the energy sector.

In the recession, our treasury-related activities gained considerably greater importance as a source of profitability for our bank; the needs of investors who began to search for sophisticated products in an environment where interest rates were being cut were covered by our team of portfolio management staff, whose management of our thematic investment funds was an astounding success story.

Sustainable banking for sustainable development

Believing that sustainable banking is the key to sustainable development, TSKB began to attach importance to renewable energy and energy efficiency projects, which have emerged as one of our country's most important needs in recent years.

By the end of 2009, our Bank had financed a total of 83 renewable energy projects. TSKB has financed 74 hydroelectric projects, 4 wind farms, 2 geothermal power plants and 3 biomass renewable energy projects. The projects financed by TSKB will comprise a total installed capacity of 2,259MW, equal to 15% of Turkey's total installed renewable energy capacity and 5% of its total installed capacity.

All energy projects financed by TSKB help Turkey switch its current energy production from fossil fuels to renewable energy resources. As these projects come on stream, Turkey's total CO₂ emissions will be reduced by more than 4 million tonnes.

TSKB is capable of offering long-term finance and consultancy services which may be required in Turkey during the country's transition to a low-carbon economy. Our Bank will keep offering finance to renewable energy and energy efficiency projects in line with its strategy.

Another issue I would like to draw attention to here is the long-term loan provided to our Bank by the World Bank and Clean Technology Forum (CTF). Turkey has been one of the few countries to receive funding from the CTF, a fund founded to provide financial resources which countries may require during their transition to a low-carbon economy, and TSKB was one of the first business partners selected in Turkey.

TSKB signed the United Nations Environment Programme Finance Initiative (UNEP FI) covenant in 2009.

The fact that we signed the United Nations Environment Programme Finance Initiative (UNEP FI) covenant in 2009 is an open expression that the focus of our efforts for sustainability is not limited to our country. Our membership of the UNEP FI indicates that the sustainability concept that we have implemented at TSKB is currently accepted and admired on an international platform.

Our Bank achieved a breakthrough in Turkey with the Clean Energy Fund which it offered to its customers in 2009 and implemented a very distinct social responsibility project. Using the Gold Standard Carbon Credit which TSKB received from the voluntary carbon market, the bank neutralized the carbon footprints of 348 people (with the carbon footprint calculated over Turkey's average per capita footprint) who were fund participants.

One crowning achievement for TSKB was being handed the FT-IFC "Sustainable Bank of the Year" award in Eastern Europe Region in 2008 and 2009. As well as recognizing our activities in the field of sustainability and our performance, it motivates us to strive to demonstrate the highest performance going forward, while encourages to take firm steps.

All energy projects financed by TSKB help Turkey switch its current energy production from fossil fuels to renewable energy sources.

TSKB continues to support SMEs, which form the backbone of the Turkish economy. TSKB is well aware that SMEs, which we reach through direct loan offerings or within the scope of APEX banking, are the building blocks of sustainable development.

Our success in neutralizing our carbon footprint and the approval of our carbon-neutral bank status in 2009, on the other hand, have brought us to a new milestone in our environmentally friendly journey. TSKB is Turkey's first carbon-neutral bank and it has become a respected participant of the global league, thanks to the policies and implementations which it internalized under this framework.

Our Bank prepared the first sustainability report in the Turkish banking sector in 2009. The report was approved for compliance by GRI (Global Reporting Initiative) on January 5th, 2010.

Supporting the modern information society by indoctrinating environmental awareness is the basis of TSKB's social responsibility approach

Acting upon this ideology, TSKB focused on the environment theme in its corporate social responsibility projects. Our long-term social responsibility project that we have configured under the quote "Environment is Our Priority" continued to develop in 2009. In its third year of implementation, the "Environment is Our Priority" project, a field where we are in communication with the society to the broadest extent, helped us carry out our investments in information in a sound and systematic manner.

The website, cevreciyiz.com, acclaimed as the broadest environment portal ever founded in Turkey and which we launched as the primary communication channel, took one step further with cevreciyiz.tv, which started to broadcast in 2009. We believe our web TV, with its environmental theme, represents an important step which we have taken to strengthen social awareness. Attracting significant interest in its first months of broadcast, our web TV is a sterling example of participation, with 35 films having been uploaded and shared on our web TV by the end of January 2010.

Everything for Turkey...

Investments which will support Turkey's sustainable development have traditionally topped our agenda. TSKB will continue to concentrate on investments in renewable energy, investments which improve energy efficiency, investments which reduce pollution, investments

in technology which will save resources, and investments in projects which reduce greenhouse gas emissions.

TSKB also keeps supporting SMEs, the backbone of the Turkish economy. TSKB is well aware that SMEs, which we reach through direct loan offerings or within the scope of APEX banking, are the building blocks of sustainable development. We stand behind our conviction to maintain our support to SMEs in all market conditions.

Our Bank has been carrying out its long-term loan disbursement efforts in close cooperation with its strong international business partners since its foundation. The long-term loans which were secured from the World Bank, CEB (Council of Europe Development Bank) and EIB (European Investment Bank) and Agence Française de Développement (AFD) have further added to our strength in this field, improving the competitiveness of our finance strength, both in terms of maturity and interest rates. This is a cornerstone in sustaining our development banking mission.

A growing presence in the real estate sector...

We forecast that the macroeconomic circumstances of 2010 will offer significant opportunities, laying the ground for the rapid resurgence of the real estate sector, and we aim to step up our activities in this field.

In parallel with this goal, TSKB Real Estate Appraisal Company which demonstrated a highly successful performance in 2009 and operates in 21 cities, rapidly entered the individual loans market by expanding its service areas. Two new subsidiaries were established in the first months of 2010: TSKB Real Estate Advisory will serve our sector, in particular by checking mortgages, taken out as a pledge with respective title deeds to registry offices, on behalf of banks and financial institutions. TSKB Real Estate Brokerage aims to offer, sales and rental of commercial properties (office, land, industrial estate, etc.), consultancy services for such properties as well as performing operations in the field of marketing.

Moreover, we initiated efforts to offer the stocks of TSKB Investment Trust to the public in 2010, a company founded at the beginning of 2006 to offer new direction to our real estate and investment operations.

We can talk about sustainable performance as long as corporations manage both crises and the good times with equal expertise. TSKB is a corporate citizen, which acts conservatively when it is necessary or adopts a more courageous attitude when conditions allow in order to keep its promise of producing added value to its stakeholders.

While such an approach allows us to protect the quality of our financial structure and our shareholders' equity, it also enables us to continue supplying loans.

Our performance in 2008-2009 indicates that TSKB, with its ability to read the markets accurately and set out corporate strategies accordingly, is able to thoroughly fulfil its mission of focusing on economic development under all circumstances, thanks to its unique corporate abilities and sustainable resource structure.

In 2010, TSKB aims to

- maintain its real growth,
- increase its number of customers and business volumes in all business lines,
- develop relations with its customers in a versatile manner, and
- expand its presence in renewable energy and energy efficiency sectors.

Within its own corporate structure, TSKB holds a variety of assets, both tangible and intangible, which are necessary to reach these targets. In addition to the strength of abilities and professionalism of our human resources, the participation of our stakeholders and our outstanding infrastructure have proven the most essential elements to make us strong.


Leaving behind an intense year full of achievements, we greet 2010, which will be a year of great importance for us. As Turkey's first private development and investment bank, we leave behind a period of 59 years full of investments and successes touching all areas of human life, while celebrating our 60th anniversary.

A properly working economy is like a chain whose rings are interlinked. Every element, big or small, is tightly linked to the next. The economy works in such a chain reaction, and the proper operation of a company, even a country, depends on harmony between all sounds. This situation is true not only for the economy as a whole, but for the institutions which manage or direct it. Each department and member of staff of the bank has been acting like a harmonious member of an orchestra playing a magnificent symphony which will never end.

The superior performance we have demonstrated in our teamwork is crowned by our ethos of openness and individual participation. As long as we have the support of our shareholders and board of directors, TSKB personnel will allow us to write new reports setting out the story of our successful achievements.

I would like to take this opportunity to offer my thanks to our customers, business partners, correspondents, investors and employees for their trust and for choosing us.

Halil Eroğlu
CEO and Member of Board of Directors



TSKB is a corporate citizen, which acts conservatively when it is necessary or adopts a more courageous attitude when conditions allow.

Economic and Sectoral Outlook

The impacts of the crisis that began in the financial markets of developed countries and deepened while spreading to the whole world from the last quarter of 2008 were still being felt in the third quarter of 2009, although their effects were gradually declining.

A view of the global economy as we enter 2010...

Data for 3Q/2009 supports the view that the global economy is coming out of recession. For the first time, forecasts for global growth in 2010 are being revised upwards.

The impact of the crisis, which spread from developed countries' financial markets to the whole world by the last quarter of 2008, was still being felt in the third quarter of 2009 although the effects were gradually easing. Meanwhile, a slew of figures related to the economy and the financial system indicate that economy was starting to climb out of recession.

The decisive and synchronized financial measures taken by public authorities during the crisis played a significant role in steering the global economy into a recovering trend. However, the fact that the primary indicators point to a slow and stuttering recovery in the global economy strengthens the view that the post-crisis recovery will be gradual.

The positive trend in the economy supported the recovery that began in financial markets in the second quarter of 2009. The bottleneck in interbank markets, whose operations were interrupted due to counterparty risk, was largely eliminated in 2009. There has been significant recovery in asset prices at a global level as markets became awash with liquidity, thanks to the injections from central banks. The recovery in banks' balance sheets in developed countries following state supports and capital injection was particularly instrumental in laying the foundations for the boom that began in stock markets, especially banking stocks, which still continues in 2010.

Supported by the recovery in global risk perception and a string of interest rate cuts in developed countries, principally the USA, the volume of capital flows from developed to developing countries began to grow again. With portfolio investments in emerging markets increasing in 2009, their currencies also started to gain value against the currencies of developed countries.

The contraction in global demand brought inflation rates lower on a global scale, allowing central banks to focus on tackling the economic recession, and monetary policies in both developed and developing countries were considerably loosened.

Lending conditions in the banking sector both in the USA and in Europe remain tighter than they were in the pre-crisis period. The dramatic recession in securitization markets, which had played such an important role in financing consumer loans have had a big impact on loan volumes in developed countries. While the total amount of securities based on issued assets and securities bound to housing loans stood at approximately USD 2.2 trillion in 2006, before the crisis, this amount fell to USD 428 billion in the first ten months of 2009. Concerns that recovery in the global economy would be unsustainable without fully addressing the problems in loan markets, and fears that the positive sentiment in financial markets would not be fully reflected to the real sector remain highly important.

The global economy starts to emerge from recession...

The recovery in the global economy reflected the increase in consumption expenditures, while measures taken by public authorities to stimulate economic activity have begun to positively affect private consumption, with a particular emphasis on sales of motor vehicles.

The Purchasing Managers Index (PMI), announced by the Institute for Supply Management (ISM) and viewed as one of the most important indicators of economic activity in the USA, exceeded 50 in August, indicating a recovery in the Turkey's manufacturing industry. The index climbed from 48.9 in July to 55.9 in December, its highest level since August 2006. Meanwhile, there was also an increase in housing investments - the original source of the crisis - for the first time since the end of 2005.

The Euro Zone was another region deeply affected by the crisis. GDP in the Euro Zone, which contracted in the first half of 2009, rose by 0.4% in the third quarter of the year, quarter-on-quarter, led by economic recovery in France and Germany

The PMI index in the Euro Zone edged up from 51.1 in September to 53 in October, indicating that the economic recovery was well under way in the last quarter of the year. However, the rate of unemployment in the Euro Zone reached 9.8% in October. Given that the labour market tends to respond late to developments in economic activity, unemployment in the Euro Zone is expected to remain high in 2010 as well.

The rate of CPI inflation in the Euro Zone, which had begun to decline in the second half of 2008, actually turned to a deflation figure by June 2009. Taking into account the downward trend in inflation, the European Central Bank (ECB) cut its policy rate from 2.5% at the end of 2008 to as low as 1% as a result of the cuts in interest rates between January and May, 2009.

The Chinese economy continued to grow strongly, extending its long run of strong economic growth, despite diminishing global demand.

China's GDP growth, which slowed down in the first half of 2009 to 7.1%, rose to 8.9% in the third quarter of the year and was realized as 7.7% for the first nine months of 2009. The rise in public investment spending in 2009, in line with measures taken by the Chinese government to stimulate economic activity, was an important driver of China's impressive growth performance.

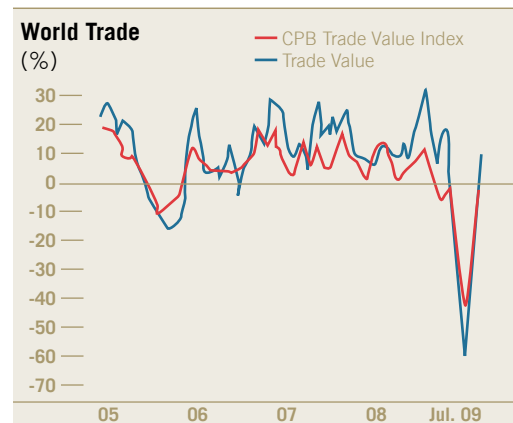
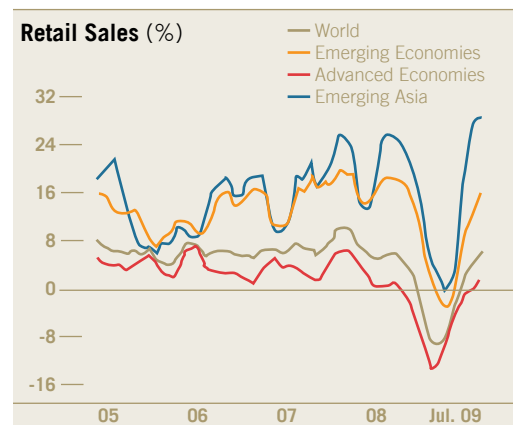
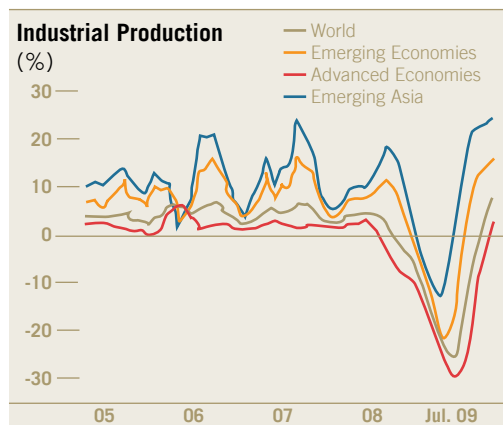
China is expected to remain one of the key driving forces of global economic growth in the coming periods, with its economy continuing to demonstrate strong growth.

The positive trend in the economy supported the recovery in financial markets, which began in the second quarter of 2009.

The US economy, which had been in recession for four consecutive quarters, grew at an annual rate of 2.2% in the third quarter of 2009.

World Economy - Change in Selected Indicators

(Annual Change % - Based on Quarterly Moving Averages)



Source: IMF - World Economic Outlook Report-October, 2009

With the disbursement of state support packages and the improvement in expectations that has followed, international institutions have revised their growth forecasts upwards. According to IMF projections, the economies of developed countries are expected to grow by an average of 1.25% in 2010, with 5% growth in developing countries.

The last issue of the World Economic Outlook, published by the IMF in October 2009, drew attention to the fact that the economy recovery has begun, with developed economies poised to demonstrate a slow recovery for a long period in 2010 and a meagre 1.25% growth. The report highlighted unemployment as one of the most important problems facing developed economies in 2010, and warned of further rises in unemployment ahead.

According to the IMF, the growth rate in developing economies will reach 5% in 2010. When compared to the 1.75% growth rate in 2009, this high level refers to the significant contribution from the global economy. According to the same forecasts, China, India and other emerging Asian economies will remain the driving forces of such growth.

After the estimated 1% contraction in global economic activity in 2009, the global economy is forecasted to grow by 3% in 2010, with an average annual growth rate of just over 4% over the 2010-2014 period.

Leading indicators show that the recovery in the global economy has been decidedly luke-warm, while the continued problems in loan markets and rising rates of unemployment also indicated that the post-crisis recovery will be slow and gradual. Furthermore, financial and corporate restructuring is expected to continue putting significant pressure on global economic activity,

while the surplus in demand - which has built to a significant level - will ensure inflation rates remain low. The savings gap in developed economies, on the other hand, will continue to limit demand.

Attention throughout the world now turns to crisis exit strategies.

Various stimulus programs have been implemented in many countries, in both developed and developing economies, in a bid to minimize the impacts of the global crisis. By the end of 2009, the termination of the support being provided under these programs, i.e. "exit strategies", began to take occupy a more significant place in global public opinion.

Ministers of finance and presidents of central banks of G-20 countries, who convened on November 6-7, 2009, discussed the exit strategies presented by the IMF. In the meeting, the parties agreed in principle to determine the a timetable for exit strategies based on the state of the economy and the financial system, while exercising great care to ensure sustainability and stability before terminating such support.

The fact that many internationally-operating corporations were hit by the crisis in 2007-2008 raises the cross boundary dimension of the matter. When the global solvency and rapid mobility of the capital is taken into account, it is of utmost importance that the national stimulus programs are terminated simultaneously and in cooperation between nations.

Developing countries are expected to record economic growth of 5% in 2010.

The luke-warm recovery in leading indicators of the global economy indicates that post-crisis recovery will be slow and gradual.

Developments in the Turkish economy...

A levelling off in the GDP contraction in 2009.

The global crisis that began to influence Turkey in the last months of 2008 caused GDP to contract.

Turkey's GDP declined by 8.4% in real terms in the first nine months of 2009 when compared to the same period of the previous year, to be realized at TRY 71.3 billion.

Household consumption expenditures, one of the largest components of GDP, decreased by 10.2% year-on-year in the 1st quarter of 2009. In the 2nd quarter, the year-on-year rate of decline in household consumption eased thanks to tax incentives, to be realized at 5.7% in the first half of 2009.

Public consumption expenditures, on the other hand, increased by 2.7% year-on-year in the first half of 2009. Likewise, private sector consumption expenditures, which form a high share of total investment spending, plunged by 31.6% in the first half of 2009 when compared to the same period of the previous year. On the other hand public sector investment expenditures rose by 13.3% in the same period.

The industrial manufacturing index, which began to decline in 2009 amid contracting domestic and foreign demand, plunged to its lowest level of the year in February, when there was a year-on-year decline of 23.8%. Industrial manufacturing then

begun to improve, paring the decline in the index to 8.6% in September 2009 compared to the same period of the previous year as the slowdown in manufacturing industry eased. An analysis of GDP by sector reveals that all sectors, with the exception of financial services and agriculture, negatively affected the annual growth rate.

As a clear result of the dramatic fall in total demand and the slide in commodity prices, the annual rate of CPI inflation, which had stood at 10.06% in 2008, fell to 6.53% in 2009. In the same period, the rate of PPI inflation came in at 5.93%.

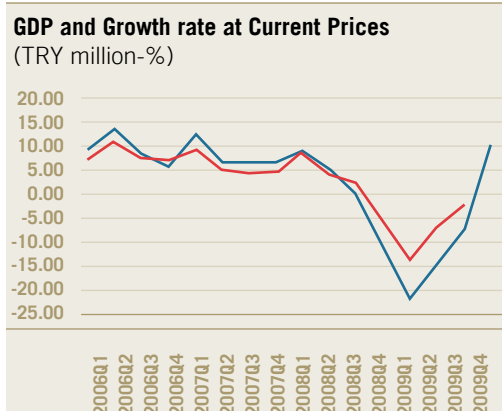
The contraction in exports, which started in the last quarter of 2008, continued in the January-November, 2009. Turkey's exports declined by 25.9% in nominal terms in the first 11 months of the year, when compared to the same period of 2009.

The automotive sector was hit hardest by the contraction in global demand. Automotive sector exports, which had contracted by 55.2% in the first quarter, enjoyed a gradual recovery in 2009 thanks to the incentive packages implemented in EU countries. However, the continuing decline demand throughout the EU, which accounts for more than 70% of the sector's exports, led to a 31.3% year-on-year decline in the 3rd quarter of the year. In textiles and ready-made clothing sectors, where Turkey remains one of the world's leading exporters, the globally rising market shares of countries such as China and India continued in 2009 as well.

The sharp plunge in imports levelled off in the 2nd quarter in parallel with improving domestic demand, thanks primarily to the financial measures taken.

Turkey's total imports declined by 34.1% in nominal terms, year-on-year, between January and November, 2009.

The recovery seen in all export categories in the 2nd quarter, as a result of the financial measures



taken, was interrupted by the declining demand in investment commodities in the third quarter of the year. The decline in imports of intermediate goods was mainly behind the fall in imports; given that intermediate goods account for a high share of total imports, and are subject to sharp price cuts.

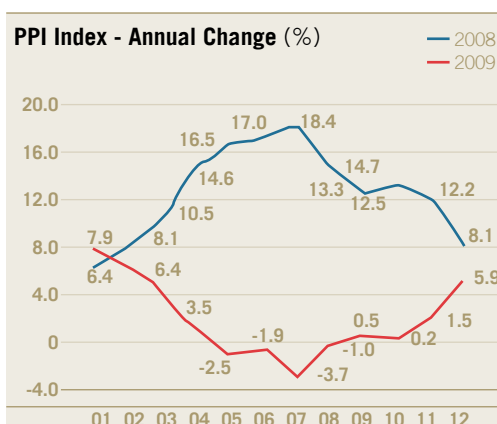
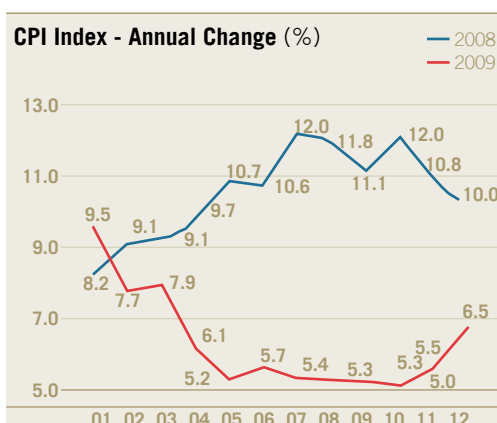
The biggest contributor to the decline in total imports was seen in the crude oil, natural gas and base metal industries, which saw massive falls in prices and demand. Other sectors to exhibit declines in total imports were oil refining, wastes & scrap, chemicals & chemical products and machinery & equipment, with decreasing investments being the main cause for the declines.

The export/import ratio, which was 65.2% between January-November, 2008 dropped to 73.3% in the same period of 2009.

There was a narrowing in the current account deficit, in line with the decline in the foreign trade deficit as a result of falling energy prices and diminishing domestic demand.

The decline in the foreign trade deficit, as a result of falling energy prices and diminishing consumption and investment demand in Turkey set the stage for a significant decline in the current account deficit from the last quarter of 2008.

It is of paramount importance that monetary measures are supported by financial discipline and structural regulations for the medium term. The current account, which had recorded its highest ever 12 month rolling deficit of USD 49 billion in August 2008, declined rapidly from October 2008, as the global crisis started to hit domestic and foreign demand; the 12 month rolling current account deficit had narrowed to as little as USD 14.6 billion as of September 2009. The ratio of the current account deficit to GDP, on the other hand, which stood at 5.7% at the end of 2008, is estimated to have declined to 2% by the end of 2009.



The crisis also began to impact the financing structure of the current deficit. The private sector, which had financed the current deficit through long-term resources which it had in turn obtained from foreign countries in previous periods, became a net foreign debt payer between January and November, 2009. On the other hand, although the volume of direct investments contracted as a result of the shrinking global liquidity and continuing uncertainty, such investments proved a relatively consistent financing item over the same period. A significant proportion of the direct investment inflows realized during 2009 comprised of payments received for energy sector privatizations held in 2008.

Turkey's GDP contracted by 8.4% in real terms in the first nine months of 2009 compared to the same period of the previous year, to be realized as TRY 71.3 billion.

It is of paramount importance that monetary measures are supported by financial discipline and structural regulations for the medium term.

A higher budget deficit in 2009

The global crisis took its toll on public purse strings. A combination of the measures taken to raise spending, in a bid to minimize the impacts of the crisis, and declining tax receipts due to slowing economic activity and the tax cuts offered to support the real sector set the stage for a rapid swelling of the budget deficit, thus raising the public's need for borrowing.

Central government spending rose by 19% while receipts decreased by 0.3% in the first 11 months of 2009, when compared to the first month of 2008. As a result, the ratio of revenues to expenditures was realized as 80.6%, lower in the same period of the previous year. The 22.7% jump in non-interest spending was behind the increase in overall expenditures. As a result, the budget deficit in the first 11 months of 2009 swelled to TRY 46 billion, up by 460% compared to the same period of 2008.

The surge in the budget deficit was not only specific to our country, but a phenomenon seen

throughout the whole world amid the global crisis. The budget deficit/GDP ratio also increased in other countries between 2008 and 2009, and some countries which had recorded budget surpluses began to suffer deficits because of the crisis.

The Turkish economy is estimated to have a contraction by 6% for the whole year in 2009, but is forecasted to grow by 3.5% in 2010.

The most important risks which may threaten financial stability in the coming periods are cited as a slower than expected recovery in economic activity and the resulting high levels of unemployment, as well as possible new shocks in global financial markets.

It is of paramount importance that monetary measures are supported by financial discipline and structural regulations in the medium term. Under this framework, it remains crucial to take steps in the implementation of structural regulations as required by the Medium Term Program and process of EU harmonization and convergence.

Turkish Banking Sector-Main Indicators

(TRY million)	Dec. 31st, 2008	Dec. 31st, 2009	Change (%)
Cash + CBT + Markets + Banks	109,514	112,157	2.4
Securities	193,990	262,876	35.5
Loans (exc. non-performing loans)	367,445	392,622	6.9
Non-Performing Receivables – Net	2,841	3,598	26.7
Non-Performing Receivables – Gross	14,053	21,853	55.5
Other Assets	58,747	62,671	6.7
Total Assets	732,536	833,925	13.8
Deposits	464,651	522,420	12.4
Payables to Banks	92,749	86,097	-7.2
Funds provided through Repurchase Transactions	40,779	60,711	48.9
Equities	86,425	110,768	28.2
Other Liabilities	47,934	53,929	12.5
Total Liabilities	732,536	833,925	13.8
(TRY million)	2008	2009	Change (%)
Interest Revenues	85,768	85,282	-0.6
Interest Expenses	54,786	43,488	-20.6
Net Interest Gain	30,982	41,795	34.9
Provisions	5,446	9,863	81.1
Non-Interest Revenues	17,422	19,180	10.1
Non-Interest Expenses	26,592	27,915	5.0
Net Profit	13,422	20,076	49.6

Developments and trends in the banking sector

Although the global economic crisis also affected the Turkish banking sector, it should be stressed that the impact was in fact relatively limited when compared to that of developed countries; this can be put down to the restructuring and transformation process, which has been implemented in the Turkish banking sector since the crisis in 2001. As well as the banking sector's strong equity base and sound balance sheet performance, a combination of properly and effectively working monitoring and auditing mechanisms and the advanced level of risk management applications in the sector also played a key role in minimizing the impacts of the global crisis.

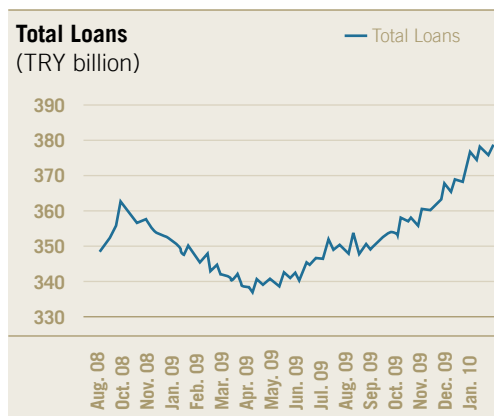
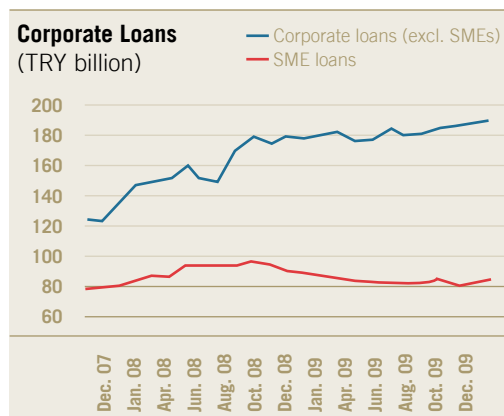
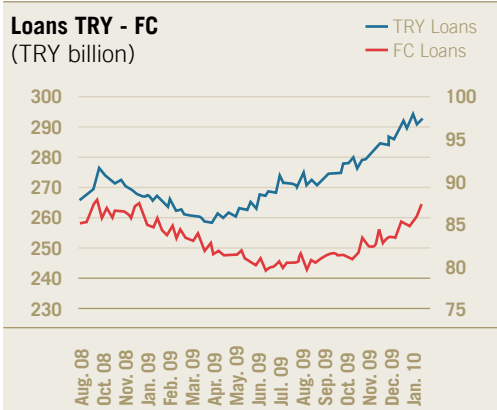
The most critical area where global developments did affect the Turkish banks was the erosion in the facilities in the access of foreign funds and the rising cost of funds. Furthermore, the contraction in domestic demand naturally lowered demand for banking services.

Banks became more conservative in lending in the environment of rising risk anticipation during the first quarter of 2009, as the decline in loan demand and the increase in the public's demand for funds also affected the change of approach. As of the third quarter, the total loans/GDP ratio remained unchanged at 37%, while the total loans/total deposits ratio dropped by 8 percentage points to 76%. The total loans/total assets ratio was realized as 47% with a 5-point decline. The decrease rate of consumer loans compared to the end of 2008 was higher than the decrease rate of corporate loans.

The ratio of gross non-performing loans to total loans, which had stood at 3.1% at the end of Q3 2008, rose up to 5.2% by July 2009, thus indicating an increase in loan risk. There was an increase in the share of government domestic debt securities in total assets during 2009, with the share of the securities portfolio in total assets rising by 4 percentage points to reach 30% by the end of 2009.

A total of 49 banks were operating in Turkey at the end of 2009, of which 32 were deposit banks, 13 were development and investment banks and 4 were participation banks. Of the deposit banks, three are state-owned, 11 are privately-owned and 17 are foreign-capital banks. The total number of branches of deposit banks and development and investment banks had increased by 351 in the last year to reach 8,895 by 3Q 2009.

Banks became more conservative in lending in the environment of rising risk anticipation during the first quarter of 2009, as well as decline in loan demand and the increase in public demand for the funds.



An evaluation of 2009: Strategies, Acquirements and Projections

The Bank continues to interpret market dynamics accurately and has supported the real sector emerge from the global crisis, thanks to its competitive advantages and the corporate abilities which it has developed during its 60-year corporate history.



Products and services

that private sector needs in Turkey

Highlights from 2009...

- In 2009, TSKB continued to demonstrate a strong financial and operational performance. The Bank's total assets reached TRY 6,905 million, while the healthy composition of its credit portfolio was carefully maintained in 2009. The Bank recorded 1.82% growth in its loan volumes and a total 11.21% growth in its asset volumes when compared to the previous year.
- The Bank continues to accurately interpret market dynamics and has supported the real sector emerge from the global crisis, thanks to its competitive advantages and the corporate abilities which it has developed during its 60-year corporate history. TSKB continued its middle-and long-term resource distribution activities in 2009 with a risk-sensitive loan supply approach.
- While the energy sector maintained its position at the top of the Bank's primary business lines, TSKB's customer portfolio retained its multi-sector composition. By the end of the year, the total number of renewable energy projects which TSKB had financed reached 83, testament to the leading role our bank has played in the finance of the biggest projects ever undertaken in our country.
- TSKB serves its customers through USD 3.8 billion of foreign resources with an average maturity of over 10 years, as well as its own strong equity base. The long-term resource composition remained one of TSKB's competitive advantages.
- With the lowest ratio of non-performing loans in the sector, at 0.6%, TSKB's capital adequacy ratio rose by 3.8 percentage points when compared to 2008, to reach 24.91%.

Even in the volatile market conditions of 2009, TSKB continued to

- demonstrate its consistent development strength,
- offer investment banking products and services required by the Turkish private sector,
- further improve its strong position in the sector by achieving healthy growth in its loan portfolio, which it has configured with a balanced and risk-sensitive approach.

- TSKB received the "Sustainable Bank of the Year" award in Eastern Europe in the category of developing countries in 2009, after having already won the award in 2008, within the scope of the Financial Times "Sustainable Banking Awards", an event jointly hosted by the Financial Times and International Finance Corporation (IFC).
- Providing investment banking and portfolio management services to its individual customers, TSKB cemented its prestige and market position through thematic funds. Innovative products introduced to the market in 2009 include the Clean Energy Fund, Dynamic Commodity Fund and Agricultural Products Fund.
- Treasury activities stepped up a gear at TSKB in 2009. The Bank became an active participant of monetary and capital markets in order manage its own resources and its customers' portfolios, as well as to take advantage of window of market opportunities. TSKB thus raised its TRY, FX, securities and options transaction volumes thanks to the proactive strategies it implemented.

**Capital
adequacy
ratio:**

24.9%

Having continued to enrich its customer portfolio with new additions even in the difficult market conditions of 2009, TSKB signed 29% of the total loan contracts with new customers.

The Bank extended USD 731 million of loans to its customers in 2009.

- TSKB proclaimed its carbon-neutral bank identity in 2009 by neutralizing its carbon footprints, a significant milestone on the Bank's environment friendly journey. TSKB is Turkey's first carbon-neutral bank to become a respected participant of the global league, thanks to the policies and implementations which it internalized under this framework.
- TSKB signed the United Nations Environment Programme Finance Initiative (UNEP FI) covenant in 2009. The UNEP FI membership indicates that the concept of sustainability, implemented at TSKB, is currently accepted and admired on an international platform.
- TSKB's first Corporate Governance Rating Report, published by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services Inc.), was released to the general public on October 20, 2009 and the Bank's corporate governance rating was announced as 8.77, the highest corporate governance rating in the sector.
- TSKB prepared the first sustainability report of the Turkish banking sector in 2009, marking a new breakthrough in the sector. The report was approved by GRI (Global Reporting Initiative) on October 5, 2009 for its compliance with level C reporting principles.
- TSKB's long-term social responsibility project, configured under the slogan "Environment: Our Priority" continued to develop in line with the mission of creating an environmentally conscious stakeholder audience. The environmentally themed web TV, which took to the web in the last quarter of 2009, has represented an innovative step taken for this purpose, and has won wide acclaim by its audience.

TSKB also continued to support capital investment needs of the private sector, which required mid and long term funding in accordance with the criteria based on risk-sensitive, disciplined and objective credit culture.

Developments in loan and customer portfolios...

The Bank allocated its customers with a total loan limit of USD 1.3 billion, including all cash and non-cash (excluding APEX) loans. Accordingly, TSKB signed 92 new credit contracts worth a total of USD 674 million with its customers in 2009.

Of all credit contracts signed with customers in 2009,

- a USD 390.9 million portion was constituted of direct loans and financial leasing contracts;
- a USD 137 million portion was constituted of syndication loans;
- a USD 106 million portion was constituted of non-cash loans; and
- a USD 40.1 million portion was constituted of APEX transactions.

Having continued to enrich its customer portfolio with new additions even under the difficult market conditions of 2009, TSKB signed 29% of the total loan contracts with new customers. The consistent growth in the customer portfolio is in line with the Bank's policies to focus on portfolio diversity and a sectoral breakdown of risks.

The Bank extended a total of USD 731 million of loans to its clients in 2009. Of all credits supplied during the year, USD 584 million portion comprised of direct loans, with USD 147 million of the total comprised of APEX loans.

The performances summarized above in numbers show that TSKB's credit portfolio maintained stable growth, even under the variable market conditions of 2009.

After the global crisis struck in 2008, the first green shoots of recovery started to appear in the Turkish economy in the second half of 2009. Having provided support to the private sector under all prevailing market conditions, TSKB focused on the projects of its clients from various sectors, and steadfastly pursued its efforts to provide loans in line with the market trends.

The Bank's total loan portfolio grew by 3.1% in dollar terms to reach USD 2.6 billion in 2009. TSKB's loan/total assets ratio was realized at 57% in 2009.

TSKB has been financing half of USD 5 billion in SME investments over the last five years.

Since its foundation, TSKB has been responding to its customers' long-term capital needs, while contributing to the sustainable development of the Turkish economy within the scope of sustainable banking practices. In addition to its robust equity, TSKB's ability to access long-term tied and soft loans provides invaluable support in helping the Bank fulfill this mission.

TSKB has no difficulty in accessing long-term resources even under the most difficult market conditions, thanks to the business partnerships it has developed through supranational financial institutions and international development agencies. This forms a very precious basis which strengthens TSKB's competitive threshold and advantage in the market, particularly in the project finance business line.

Medium and long term placements account for 88.9% of TSKB's loan portfolio according to 2009 results.

According to figures for the end of 2009, 11.1% of the loans provided by TSKB were composed of placements with maturities of less than 1 year, while 35.6% of the loans had maturities of 5 years or longer. The Bank's mid to long-term credit portfolio is an essential indication of its sustainable banking approach for sustainable development.

Project finance efforts go from strength to strength at TSKB...

TSKB continues to play an active role in the field of project finance. In addition to its direct funding efforts in infrastructure and superstructure projects, the Bank also participates in syndications held for various companies and financial institutions, aiming to finance acquisitions and investments. TSKB has participated in projects with a total value of USD 3.8 billion over the last 5 years.

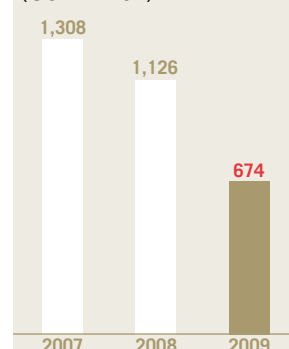
In 2009, TSKB signed a total of USD 327 million in credit contracts in the field of project finance. In the scope of its project finance efforts, TSKB completed a total of USD 182 million in cash placements and USD 50 million in non-cash placements in 2009.

In addition to financing projects in the energy manufacturing sector, TSKB will also concentrate on the financing of infrastructure investments, work on which is expected to speed up in 2010, and the financing of electricity distribution networks and manufacturing plants as part of the privatization program.

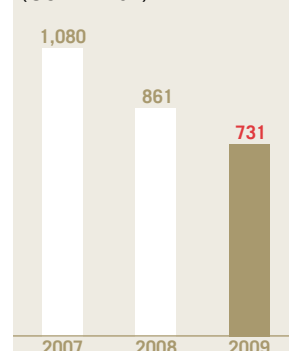
Breakdown of TSKB's loan portfolio by maturity as of year-end 2009

Maturity	Risk balance (%)
< 1 year	11.1
1-2 years	13.6
2-3 years	12.7
3-4 years	8.6
4-5 years	18.4
5-6 years	8.5
6-7 years	8.8
7-8 years	3.7
8-9 years	7.2
9-10 years	2.7
>10 years	4.7
Total	100

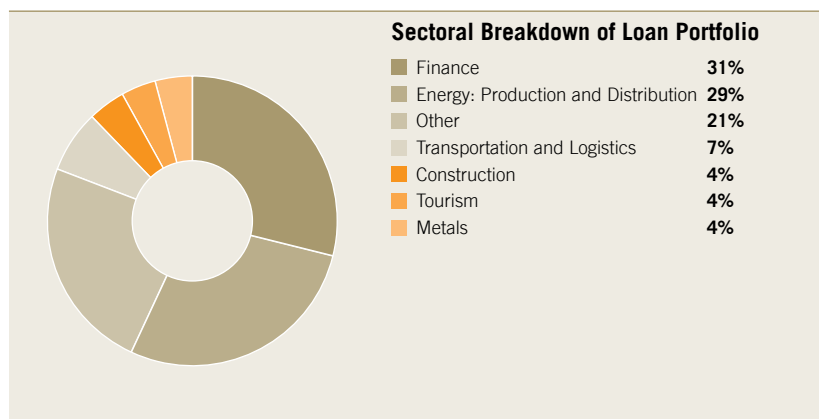
Loan Agreements (USD million)



Loan Disbursements (USD million)



Sectoral Breakdown of Loan Portfolio



Energy projects financed by TSKB aim to have a total capacity of 2,259MW, equal to 15% of Turkey's total installed renewable energy capacity and 5% of its total installed capacity.

TSKB considers its sustainable finance philosophy an inseparable part of its mission, vision, goals, policies, standards and business processes.

TSKB, as a company having a strategic point of view and able to position itself in the long run, keeps a close eye on trends, opportunities and threats arising in various sectors both in Turkey and in the world, and develops its policies, sectoral priorities and product-service range accordingly. The renewable energy sector has gained importance in the world in recent years as attention has turned to the environment and energy efficiency.

Having internalized its strong forecasting ability within its corporate strategy, in 2003 TSKB defined the renewable energy sector as one of the key sectors which could support Turkey's sustainable development, and accordingly took a decision to gradually focus on the energy sector. In this past 7-year period, the renewable energy and energy distribution business lines gained a significant share in the Bank's project finance efforts and its total credit portfolio as a result.

The number of energy projects financed by TSKB in the last five years reaches 83.

TSKB is a leader in the field of renewable energy finance, in terms of the number of such projects it finances. The Bank has evaluated about 150 renewable energy projects in detail.

Energy projects financed by TSKB envisage 2,259MW of installed capacity.

The energy projects being financed by TSKB target 2,259MW in installed capacity, equal to 15% of Turkey's total installed renewable energy capacity and 5% of its total installed capacity. All of the energy projects financed by TSKB help

Turkey switch its current energy production from fossil fuels to renewable energy sources. Once these projects are finished, Turkey's total CO₂ emissions will be reduced by more than 4 million tons.

24 of 83 projects were completed and started generating power at the end of 2009.

The number of projects increased from 71 in 2008 to 83 in 2009 with newly added energy projects. The total installed capacity of the facilities that had entered operation by the end of 2009 was 616 MW, with seven new power plants completed in 2009 with a combined installed capacity of 186 MW.

TSKB issued a total of approximately USD 3.8 billion in loans of the total USD 3.8 billion which was invested in these energy projects over the last 5 years.

TSKB starts to finance energy efficiency projects in 2009.

TSKB included "energy efficiency" in the finance of renewable energy investments in 2009. With awareness of the issue, TSKB brought energy efficiency investment projects to its agenda and began to increase capacity in this field in 2009. TSKB had financed three energy efficiency projects by the end of 2009, two of which were in the iron and steel industry and one in the paper manufacturing industry.

A summary of information on the primary energy projects financed by TSKB in 2009 is as follows:

According to TSKB, the only aim for a livable future is "low-carbon economy". TSKB believes in supporting and improving low carbon economy for a better future. The Bank follows the trends and changes both in and outside Turkey and makes the necessary changes on its product-service line under the light of its innovative business approach.

Renewable Energy Projects:

Akfen Holding - 11 HEP (Hydroelectric Power) Projects

A EUR 166.5 million project finance loan was made available with equal participation of a total of 5 banks under the coordination of TSKB to 11 HEP projects, with a total capacity of 135 MW, which will be founded and operated by Akfen Holding companies. TSKB will provide around EUR 33.3 million of project financing in this project.

Sırma HEP (Aydın), one of the 11 HEP projects, was completed and entered operation in 2009. The remaining 10 projects within the scope of the loan package are expected to be completed in 2010 and 2011. Once completed, the power plants will generate 607 million kWh of electricity per year.

Essentium Group - 4 HEP Projects

TSKB provided a EUR 42 million project finance loan to 4 HEP projects with a total capacity of 42 MW, which will be built by Spanish Essentium Group in Giresun, Ardahan, Düzce and Kayseri.

These 4 power plants, which will enter operation in 2010, will generate a total of 130 million kWh of electricity per year.

Nisan Elektromekanik - 4 HEP Projects

TSKB and Türkiye İş Bankası (İsbank) provided a project finance loan of EUR 55 million to 4 HEP projects with a total installed capacity of 68 MW, which will be built by Nisan Elektromekanik.

TSKB's share in this financing is about EUR 25 million. It is envisaged that 4 HEPs, which are planned to be in operation by the end of 2011, will generate 176 million kWh of electricity per year.

Unit Group - Bağıştaş II HEP

The 49.8MW capacity Bağıştaş II HEP, financed by TSKB, will be built on the Karasu River, a tributary of the Euphrates River, in the district of İliç in Erzincan.

TSKB provided a project finance loan of USD 47 million for the project, which is planned to

Renewable Energy Funds used by TSKB (as of 2009 year-end)

Electricity production USD 1,260 million is committed to 83 continuing electricity production projects with an expected installed capacity of 2,218 MW.	74 (HEP) Hydroelectric- Total 2,075 MW installed capacity 4 (WPP) Wind Power - Total 85 MW installed capacity 2 (GPP) Geothermal Power - Total 58 MW installed capacity 3 Biomass (based on landfill gas-LFG) - Total 41 MW installed capacity
Natural gas distribution projects	Distribution in 17 regions - USD 180 million

be completed and enter operation in the last quarter of 2011, and generate 160 million kWh of electricity per year.

Natural Gas Distribution Projects:

Aksagaz - Çukurova Natural Gas Distribution

TSKB and Garanti Bankası provided a USD 75 million loan to finance the investment of natural gas distribution infrastructure establishment in Çukurova.

TSKB has provided USD 30 million of the financing of this project, which brings the total sum of loans allocated by TSKB for natural gas distribution projects up to around about USD 180 million, including the loan provided to Aksagaz.

Finance transactions for export insurance corporations in foreign countries mediated by TSKB started to increase in 2009.

TSKB mediates import transactions carried out by its customers within the scope of investment projects and provides letters of guarantee required by its customers for submission to the authorities of tenders undertaken either in Turkey or in foreign countries, and/or public institutions. TSKB also offers its customers facilities which are provided by export insurance corporations in foreign countries for transactions complying with related criteria. There was significant growth in the number of transactions carried out by export insurance corporations in foreign countries during 2009. While efforts in this field serve customer satisfaction through long-term resource allocation, they also played a key role in

TSKB cooperates with 21 different intermediary firms within the scope of APEX operations.

Long-term funding secured in 2008-2009

	Amount	Term (Years)	Maturity
2008			
World Bank - Export Finance Intermediary Loan (EFIL IV)	USD 197 million	28	2036
World Bank - Export Finance Intermediary Loan (EFIL IV)	EUR 65 million	28	2036
European Investment Bank - Environment & Energy Framework Loan	USD 150 million	15 years per tranche	
KfW - Climate Protection Programme in Turkey	USD 41 million	12	2020
KfW - Climate Protection Programme in Turkey (2nd tranche)	USD 34 million	12	2020
2009			
World Bank - Private Sector Renewable Energy and Energy Efficiency Project	USD 210 million and EUR 110 million	30	2039
World Bank - Clean Technology Fund	USD 70 million	20	2029
European Investment Bank - SME Development Loan	EUR 165 million	12 years per tranche	
European Investment Bank - Environment and Energy Framework Loan II	EUR 150 million	15 years per tranche	
Agence Française de Développement - Renewable Energy and Energy Efficiency Loan	EUR 50 million	12	2021
Council of Europe Development Bank - SME Loan	EUR 100 million	10 years per tranche	

terms of growth of the transaction volume on the correspondent bank side.

Within the scope of non-cash loan efforts, TSKB allocated a total of USD 180 million in non-cash loans to its customers in 2009, of which USD106 million was met through letters of guarantee.

Further declines in non-performing loans in 2009.

The share of non-performing loans in total loans provided by TSKB continued to decline in 2009; the ratio, which was 1.3% in 2006, fell to 0.7% in 2008 and 0.6% in 2009. In 2009, in which the sector average NPL ratio had increased to more than 5%, TSKB's performance stands as clear evidence of the bank's sound and cautious loan supply policy.

The Bank continued to apply its principle of allocating 100% provision for non-performing loans in 2009.

A leader in the field of APEX banking

APEX banking allows TSKB to offer finance services required by a number of SMEs, which are the driving force of the Turkish economy. APEX loans provided by TSKB compose about 23% of its total loan portfolio and account for

the largest group to which the Bank allocates resources. APEX banking is an effective model allowing TSKB to reach SMEs in line with its resource distribution activities. TSKB cooperates with 21 different intermediary firms within the scope of APEX operations.

TSKB, without having a branch network, is able to provide loans nationwide through APEX operations and reach all sectors contributing to GNP.

The common purpose of EFIL loan packages provided from the World Bank is to allocate resources to exporter companies' investments that increase their capacity and competitive strengths. Another aim of the project is to enhance the loan supply capacities of commercial banks and leasing companies which act as a delivery channel in the program. The fact that TSKB also works with leasing companies within the scope of APEX banking played a key role in the Bank reaching SMEs.

There has been noticeable growth in the export volumes of companies who were supplied loans to within the scope of EFIL loans whose primary target is to support exporters.

The total exports of companies who supplied loans to by TSKB within the scope of EFIL II, which had stood at USD 2.4 billion before being extended loans, rose to USD 4.6 billion thereafter, indicating a USD 2.2 billion increase in the total exports after having been issued loans.

Likewise, the total exports of companies who had been issued with loans by TSKB within the scope of EFIL III, which had stood at USD 2.4 billion before having been offered loans, rose to USD 3.4 billion thereafter, thus indicating an increase of USD 1 billion in total exports after having been issued loans.

Consequently, a total of USD 613 million of APEX loans were issued to 379 companies within the scope of EFIL II and EFIL III, with an increase of USD 3.2 billion in these companies' exports after they had been issued with loans.

In addition to their essential aim, EFIL packages facilitate the creation of new work areas and promote employment, which is vitally important for Turkey. Information regarding the allocation of EFIL packages, in which TSKB played active role, and the employment they created is as follows:

A bank that has successfully managed and developed its strong international relations network

Playing an active role in the supply of long-term resources under most appropriate conditions for the private sector projects which are so important in Turkey's development, TSKB's strong performance over the years stands as an impressive success story. One cornerstone of TSKB's sustainable banking approach is that Bank is highly recognized and enjoys high

prestige in international financial markets. TSKB's reputation at an international level is one of the most important privileges and advantages that the Bank offers its customers.

Since its foundation, TSKB has been working in close and long term cooperation with supranational institutions such as the World Bank (IBRD), the European Investment Bank (EIB), the Council of Europe Development Bank (CEB), the French Development Agency (AFD), Kreditanstalt für Wiederaufbau (KfW), the International Finance Corporation (IFC), the Japanese Bank for International Cooperation (JBIC) and ICO of Spain (ICO). TSKB also has a strong correspondent bank network composed of the world's biggest commercial banks.

One important development which took place in 2009 was the agreement of a USD 420 million loan by the World Bank and CTF-Clean Technology Fund.

As part of the credit contract signed on June 9, 2009, TSKB signed an agreement of USD 420 million, of which USD 350 million was issued from the World Bank and USD 70 million from the CTF (Clean Technology Fund). The CTF was founded by the World Bank Group, which aims to provide the financial resources required by countries switching to a low-carbon economy. While Turkey was the second country in the world to have received resources from the CTF, TSKB was one of the first business partners to be selected in Turkey. Resources provided through this effort will be used to finance private sector companies' investments throughout Turkey in the fields of energy production and energy efficiency, based on renewable resources.

A USD

420

million loan

**from the
CTF-Clean
Energy Fund**

TSKB - World Bank EFIL Credits-Basic Indicators

Name of the program	Year	Amount of resource	Number of companies using credits	Number of employment planned to be created	Current status of the program
EFIL IV	2008	USD 300 million	113	944	Ongoing
EFIL III	2005	USD 313 million	168	3,725	Finished
EFIL II	2004	USD 300 million	211	4,993	Finished

Value-added products in investment banking...

TSKB predicts a strong potential in terms of investment banking in a stable economic environment.

Adjusting the strategy in soft loan procurement efforts to take account of changing circumstances

In early 2009, TSKB repaid the syndication loan that it had taken out to repetitively issue under continuously improving circumstances over the past 4 years, and opted against renewing it. The specific market conditions of 2009 and the contracting commercial loan demand in Turkey were principally behind TSKB's decision not to apply to syndication markets, as a bank that has strong equity and long-term tied funding sources.

Positive developments in TSKB's credit ratings

Fitch Ratings reevaluated Turkish banks' credit ratings as it revised Turkey's long-term FX credit rating from BB- to BB+ on December 3, 2009. Within this framework, the agency announced on December 11, 2009 that it had raised TSKB's long-term FX credit rating from "BB" to "BB+".

Moody's Investors Service Inc., another international credit rating agency, announced on January 8, 2010 that it had revised TSKB's long-term FX deposit credit rating from B1 to Ba3. While our Bank's TRY global deposit credit rating was confirmed as Baa2, its outlook on the credit rating was announced as stable.

Essential factors shaping TSKB's credit ratings include its robust financial structure, controlled portfolios and sound risk management practices, as well as its strong brand and position in the market.

TSKB continued to strengthen its professional capacity and to exhibit an example of true sustainability with the strong and uninterrupted support of its management and shareholders despite all of the adversities posed by markets.

This dedicated commitment will position TSKB as one of the strongest service providers in the investment banking business line in Turkey in 2010 and the years that follow as markets recover and resume their growth and development.

Through its effective liquidity management, insightful portfolio management strategies, and flexible management approaches, the Bank turned market opportunities to its advantage and registered a strong performance.

In investment banking operations...

The Turkish economy contracted in 2009 as it was shaken by the impact of the global crisis during 2007-2008, and there has been a massive recession in investment banking operations, particularly in the first half of the year. Accordingly, while public offering efforts were shaped on the basis of preparations and consultancy activities with an eye to 2010, M&A (mergers and acquisitions) activity gained importance as the primary item of 2009.

Taking part in various merger and acquisition projects, which included providing consultancy services to the buy-side, Mey İçki, a company belonging to the Texas Pacific Group, during the Burgaz Rakı tender process, TSKB also served the SDIF (Savings Deposit Insurance Fund) in 2009 in the restructuring and the evaluation of groups and companies constituting the Fund's asset portfolio.

TSKB forecasts a strong potential for investment banking in a consistent economic environment. Considered as one of the best service providers in the investment banking business line in Turkey, the Bank will continue to provide services offering high added value to its wide array of customers in both the public and private sectors.

TSKB expects public offerings and privatization efforts in Turkey to get back on track in 2010.

The Bank is still carrying out preliminary studies for the public offering of some companies. Believing that appropriate market windows will open in various time periods of 2010, TSKB envisages that public offerings will start again.

Moreover, TSKB, with its consultant identity, is keen to be an active participant of natural gas, electricity distribution and electricity generation privatization efforts which are expected to continue in 2010.

Showing extensive efforts to bring private sector bonds to the agenda of investors and companies after long years in line with the possibility that macroeconomic conjuncture may present appropriate circumstances, TSKB primarily aims within this framework to provide brokerage and

consultancy services to successful bond issues of various corporations.

Effective and dynamic treasury management

With nominal and real interest rates falling to historically low levels in 2009, TSKB adopted an effective and dynamic management approach. The benefit was maximized by expanding the securities portfolio in a low-interest rate environment. The rate of growth in TSKB's bond portfolio was amongst the most rapid in the sector in 2009.

Looking at the details of treasury operations, TSKB enjoyed a prominent position in the management of bond portfolios, liquidity and FX positions, but also achieved notable success in bond purchase/sale for profitability purposes, spot FX purchases and sales, and derivatives transactions. In addition, TSKB continued offering the corporate investors in its customer portfolio various strategies providing protection against possible risks.

In terms of transaction volume, TSKB attained a transaction volume of USD 6.8 billion in bonds and bills transactions and USD 137.6 billion in repurchase transactions on the ISE Fixed Income Market in 2009. TSKB ranked 4th among banks in terms of transaction volume, based on repurchase transactions realized in the Bank's portfolio in 2009.

Importance of derivatives

Apart from transactions carried out for purpose of earning profits, the derivatives market has a significant place particularly within the scope of risk management in the Bank's balance sheet performance. As an active player in this market, TSKB offers its customers a range products configured to manage their risks.

Thanks to its flexibility in adaptation to new products and the rapid establishment of its infrastructure, TSKB advances its qualified service approach further with each passing day. In 2009, the Bank's Treasury Marketing Division mediated FX transactions with a total volume of USD 5.7 billion.

The TSKB difference in securities brokerage and portfolio management

TSKB offers both its corporate and individual customers products and services in the fields of securities brokerage and portfolio management. TSKB differentiates itself from the rest of the sector with the effective and boutique service approach it pursues in securities brokerage and portfolio management.

The Bank offers securities brokerage transactions through its headquarters in Istanbul and branches in Ankara and Izmir, but also through the TSKB Trading Platform and TSKB Online Branch, which are TSKB's alternative delivery channels. TTP, an extension of TSKB's online banking services, which entered operation in 2008, allows customers to forward their purchase-sale orders to the market through a fast, reliable, user-friendly and professional interface.

TTP's role in the significant developments seen in 2009 is apparent in the number of transactions carried out and transaction volumes: TSKB's transaction volume in the Turkish Derivatives and Options Exchange (TDE) grew by about 500%, whereas its transaction volume at ISE rose by only 25%.

While almost all of the TDE transactions were realized through TTP, stock exchange traders tended perform their transactions through TSKB's online branch.

TSKB has been pressing ahead with its TTP development efforts in a bid to provide customers with more effective services. TTP order speeds improved, thus raising customer satisfaction, thanks to the infrastructure projects handled in 2009.

Innovative steps in the field of portfolio management in 2009

TSKB has been offering its customers portfolio management services since 2006. TSKB's individual and corporate portfolio management services, shaped by the Bank's deeply rooted knowledge, professionalism and approach towards designing innovative products and

Providing a capital guarantee to investors, TSKB has offered creative and innovative products, with the opportunity to invest in various markets in Turkey and throughout the world, to the market at the right time and through right marketing strategies.

services, proved popular among the bank's customer base which grew throughout the entire year.

The volume of assets managed by TSKB rose by 34% to TRY 365 million during 2009. Moreover, the volume of portfolios managed within the framework of private portfolio management services offered to individual and corporate customers grew by 13% to reach TRY 21 million.

TSKB serves its clients' risk-reward profiles with a total of 5 investment funds. The Product Development Desk, founded at TSKB by the end of 2008, carries out efforts to develop and design innovative products, principally the Bank's thematic funds.

Thematic investment funds

By interpreting market indicators and developments in a timely manner, TSKB began to conduct innovative projects in the field of thematic investment funds at the beginning of 2009.

In a conjuncture where interest rates have declined dramatically, the Bank has offered investors creative and innovative products by providing a capital guarantee, allowing them to invest in various markets throughout Turkey and

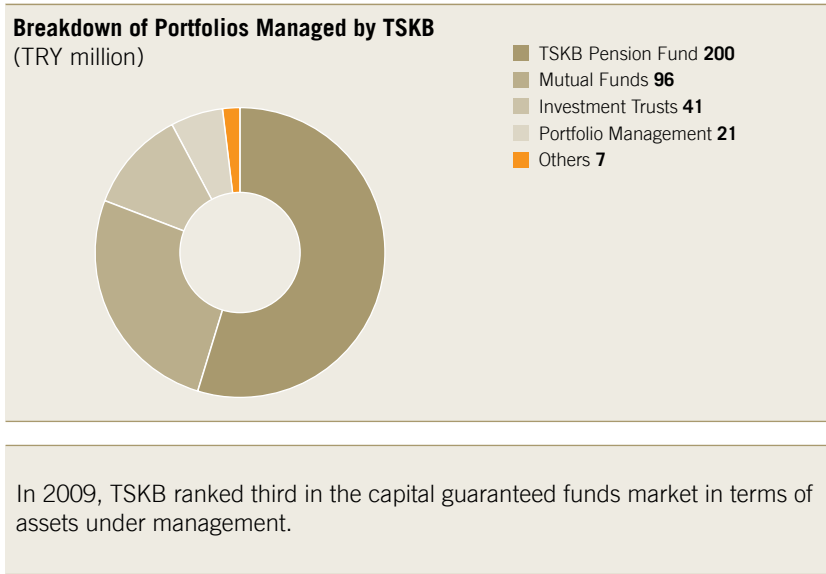
the world with astute timing and through the most appropriate marketing strategies.

Highlights from thematic investment funds...

Clean Energy Fund

As an environmentally friendly bank, TSKB broke a new ground in Turkey with its Clean Energy Fund which relies on the Clean Energy Index. The 10% Return Guaranteed Clean Energy Fund was set up to take account of increasing investor interest in markets related to renewable energy, energy efficiency and waste management and offered to the public on January 16, 2009, in a first in its field. Having attained sales of around TRY 15 million at the time of its issue, the Clean Energy Fund become the first product to offer investors portfolio diversity and the opportunity to invest in global markets, while being insulated from short-term market fluctuations.

TSKB carried out a variety of social responsibility oriented projects through the Clean Energy Fund. The Bank neutralized the carbon footprints of 348 people who were fund participants, a number calculated according to the average per capita carbon footprint in Turkey, with the Golden Standard carbon loan it provided from the voluntary carbon market. On June 1st, 2009, TSKB presented investors with the certificates prepared for this event. The fund, which matured on January 19, 2010, provided its investors a gross return of 18.96%.



Agricultural Products Fund

100% Capital Guaranteed Agriculture Fund was presented to investors via the consortium constituted of five brokerage houses under TSKB's leadership on June 26, 2009. Besides being the first fund in Turkey to invest in agricultural products, the Fund offers investors a 100% capital guarantee. The Fund attracted demand of TRY 15 million.



Dynamic Commodity Fund

The Dynamic Commodity Fund was Turkey's first comprehensive commodity fund investing in agricultural products, energy, metals and precious metals. Offering investors the opportunity to earn during both declines and increases in prices, the Fund was offered to investors on October 9, 2009 with a 100% capital guarantee. The Fund attracted TRY 46.7 million of demand in the public offering.



Emerging Markets Long and Short Strategy Funds

For 2010, TSKB offered investors the chance to choose required alternatives with maximum flexibility, fitting their expectations and risk profiles. Offering facilities such as investing in trends, creating a basket of investments, return optimization and return fixing through a brand new boutique fund approach, the Emerging Markets Long and Short Strategy Funds invest in more than 700 stocks from 10 different sectors in stock exchanges of 22 emerging markets. Funds offer investors a 100% capital guarantee.

TSKB will continue to offer thematic funds fitting investors' expectations into 2010. Within this scope, the public offering of the Dollar Fund with a 100% Capital Guarantee kicked off in February 2010, attracting those investors who believe the dollar will gain value against other currencies, and that the coming year will be year of the dollar.



TSKB's superior success in thematic funds is the outcome of its optimum blend of three strategies that focus simultaneously on:

- Correct variety of products
- Correct timing
- Correct marketing

In 2010 the Bank will continue to make the best possible use of market opportunities and to offer customers innovative products in the asset management business line.

Emerging Markets Long and Short Strategy Funds invest in more than 700 stocks from 10 different sectors in 22 emerging markets.

According to 2008 figures, TSKB's carbon footprint was equivalent to 1,249 tons of CO₂, 74% of which stemmed from the use of electricity.

Attaching great care and attention to the environment

TSKB is decisive in fulfilling its own duties by using natural resources more effectively, efficiently, innovatively and fairly and to be a continuous and pioneering supporter of initiatives with an environmental theme, both in the world and in Turkey, with a focus on initiatives aimed at tackling climate change. TSKB is a corporate citizen which believes in the necessity of immediately placing a global-scaled, effective and coordinated plan into practice to tackle environmental problems and, in particular, the impacts of greenhouse gas emissions.

The first bank in Turkey to establish an Environmental Management System

All efforts conducted at TSKB in environmental protection are carried out within the framework of TSKB's Environmental Policy and Environmental Management System (EMS).

TSKB successfully completed the ISO 14001 Certification process on December 22, 2006 and the certificate renewal checks took place on January 10, 2008 and December 19, 2008. Accordingly, it was confirmed that the EMS prepared by TSKB had met all the requirements for ISO 14001 international certification.

TSKB also successfully passed the second term ISO 14001 controls on December 19th, 2009.

TSKB is the first and only bank in Turkey to have removed its carbon footprint and approved its carbon-neutral identity

TSKB jointly conducted a project with Ecofys, a carbon consultancy company, in 2008 in order to remove its own carbon footprint and to prepare its management strategy. The carbon-neutral project envisaged to identify and check TSKB's carbon footprint, to complete the purchase

of carbon loan by the Bank and to provide consultancy services required by TSKB during the period of becoming a carbon-neutral bank.

A "carbon footprint" of a bank is the sum of greenhouse gas emissions occurring as a result of its activities such as transportation, heating, lighting, etc. According to another definition, it is a climate change factor left on the atmosphere by CO₂ emitted to the atmosphere by fossil fuels. The carbon footprint is a measure of greenhouse gas negativity given to the environment by the vital activities of humans or corporations, which is measured on the basis of CO₂ equivalence.

TSKB has been calculating its carbon footprint since 2006.

According to 2008 data, TSKB's carbon footprint was equivalent to 1,249 tons of CO₂, 74% of which stemmed from the use of electricity. Within the scope of the study carried out in coordination with Ecofys, TSKB's consumption of electricity, natural gas, water and paper, as well as kilometers travelled were analyzed and thus, its carbon-neutral report was prepared. TSKB requested approval from the Netherlands-based HIER for the carbon neutral report prepared by Ecofys. HIER, composed of more than 40 non-governmental organizations working voluntarily, approved TSKB's carbon-neutral identity by confirming its carbon footprint removal project and its predicted targets.

Continuous improvements in employee efficiency are the most significant contribution of IT practices to TSKB.

TSKB offers its customers a very wide array of products through a relatively small number of personnel. However, TSKB differentiates itself in the sector as an investment bank carrying out large scale projects and innovative practices. The essential factor in this success is the Bank's robust information technology infrastructure, in which qualified human resources and proper processes operate in harmony.

Bank's assets per employee increased by 2.7x with net profit per employee increasing by 3.3x over the 2004-2009. TSKB's systematic and continuous investments in technology and process improvement efforts played a big role

To offset its carbon footprint TSKB purchased 3,000 tons of Gold Standard Carbon Credit. 1,249 tones of the credit were used to offset the carbon footprint of 2008. The rest was utilized to offset TSKB Clean Energy Fund customers' carbon footprint in the fragment of corporate social responsibility.

in achieving this success. The Bank predicts further improvements in its profitability, balance sheet size and loans per employee ratios, which are already somewhat higher than the sector averages, in the coming periods through most up-to-date and state of the art technological solutions.

TSKB continued to advance in the following areas with new projects that it completed during 2009:

- operational efficiency,
- process management, and
- effective in-house information sharing.

The importance of IT practices for TSKB in environmental protection.

Information technology practices, which render information reliable, easily accessible and easily available from a single point, support TSKB's targets of environmentally friendly consumption and reduced bureaucracy. As Turkey's "Environmentally Friendly Bank", TSKB has automated more than 30 critical banking processes through electronic business processes. These processes also include the entire loan supply process (loan application, evaluation, approval, signing contract and loan supply), which is the primary function of the banking sector.

About 73% of documents used in the various phases of the banking service cycle at TSKB are produced, shared and stored in an electronic environment. The electronic document management system, accessible through the Bank's corporate intranet, is also integrated into TSKB's main banking software. While the combination of these two systems enables improved information system and operational efficiency, it also supports the Bank's approach of environmental protection and conservation by reducing consumption of paper, despite rising business volume.

The role of security, continuity and back-up in offering uninterrupted high-quality services

TSKB has adopted the permanent target of producing the most appropriate solutions in such matters as security, continuity and back-up on one hand, and to offer its customers an uninterrupted, extensive and high-quality service

TSKB IT practices constitutes the main frame of

- efficiency
- strong performance
- fast and qualified service.

without interruption on the other. It achieves this through the effective use of information and communication technologies. The Bank's increasing effectiveness, particularly in monetary and capital markets in recent years, has further raised the importance of uninterrupted electronic communication and real-time services, while information technology solutions applied at the right time played a key role in TSKB's higher performance in these fields.

For a more qualified and efficient information technology infrastructure

TSKB pressed ahead in its efforts to raise the quality and efficiency of its information technology infrastructure in 2009.

- A conceptual frame was established in information technology to provide the advantage in the integration of banking processes and fundamental banking practices by fully reviewing the Bank's information architecture and data classification.
- A new unit was established to ensure quality management is a permanent feature in information technology; significant steps were taken to improve the quality of service offered to foreign and domestic clients.

Another important step was the establishment of the Project Office, which is responsible for the management, central monitoring and reporting of projects conducted at the Bank.

- An information technology infrastructure was established at TSKB in 2009 to cover a range of new products, services and processes; the Bank's software infrastructure was renewed with the latest technology. Some of the key developments during the year include:
- Realization of a comprehensive transformation in basic banking practices for switching to the most up-to-date version of the Bank's main software,
- Establishment of a new product and customer profitability/efficiency system,

According to figures for the end of 2009, 37.8% of the free float of TSKB shares are held by foreign investors.

- Infrastructure work on three guaranteed funds offered to the public in 2009,
- Complete renewal of the infrastructure and the software which provide the automation of TSKB's rating model,
- Ensuring the full integration of the chosen platform with the Bank's systems for the management of market risk and putting the platform into practice,
- Establishment of management control panels for the top management,
- Increasing the performance of servers on the infrastructure side, and
- Further development of data back-up systems.

Investor relations: An important window in TSKB's relations with the global market

TSKB is publicly-held and its shares are traded on the Istanbul Stock Exchange. Accordingly, TSKB scrupulously fulfills all requirements of public disclosure as dictated by Turkish legislation, and it takes great pains to keep its investors transparently and correctly informed.

Systematically publishing all the information in printed and electronic media which it is required to disclose as per the law, TSKB applies an effective strategy within the scope of investor relations by

- responding to investors' questions and requests for information in the swiftest possible manner, and
- meeting investors individually in the course of regularly conducted road shows.

In 2009, TSKB's Investor Relations Unit took part in three road shows abroad and gave presentations for 27 different investment funds. In Turkey, the Bank conducted presentation meetings for a total of 20 investment funds.

As in previous years, a high percentage of TSKB's shares were held in international investors' portfolios in 2009. According to figures for the end of 2009, 37.8% of TSKB's publicly-traded shares were held by foreign shareholders.

Extensive research activities

TSKB's research department regularly produces reports of the bank's research into individual sectors, macroeconomic developments, and publicly-traded companies. Developments, data and analysis of the financial markets are posted via daily, weekly and monthly reports, instant notifications and meetings.

Research conducted by the Bank in 2009 mostly focused on companies listed on the ISE-100 index. During the same period, the Bank published 145 detailed company/sector/ economic analysis reports, 228 brief reports/ communiqués and 710 regular reports. In addition, the Bank also undertook predictive modeling studies and took part in numerous media interviews and broadcasts.

For full compliance with legislation and regulations...

TSKB's financial statements have been independently audited since the 1960s, a time when no statutory auditing was being applied to banks in Turkey. TSKB is an exemplary corporation that has carefully sought to comply fully with the law and be completely transparent in all of its operations.

The extensive independent and high quality research conducted by TSKB is a privilege the Bank offers its customers.

TSKB's robust research activities refer to a strategic point where the Bank shares with its customers its knowledge and professional projection strength that it has built in 60 years.

The Turkish banking sector was able to exit the financial crisis that had began to affect global markets and the Turkish market from the last quarter of 2008, and the Turkish banking sector shone as a beacon of success in the world. The timely structural transformation played a major role in achieving this healthy result.

Based on knowledge, experience, and professional insights built up in the course of sixty years, TSKB's powerful research competencies make the Bank a vitally important strategic partner in its dealings with its customers.

Placing great importance on full compliance with the law, transparency and accountability, TSKB has carried out all structural efforts in order to comply with newly introduced laws and regulations in Turkey. The following functions, which are an inseparable part of compliance with the law, were effectively reconfigured and strengthened at TSKB:

- internal audit
- internal control
- risk management

TSKB conducts external auditing activities in accordance with both Banking Regulation and Supervision Agency rules and internationally recognized standards and practices. When it comes to the aspects of the regulatory framework that have undergone the most sweeping changes in recent years, particular mention should be made to the banking law, tax law, international financial reporting standards, and information technology audit.

For TSKB, full compliance with corporate governance and the law is the

- building block of economic success and ethical and open competition and
- only tool for balancing and watching for stakeholders' benefits.

Within this framework, TSKB deems full compliance corporate governance and the law as an inseparable factor in the conduct of banking with a responsible approach.

TSKB's aim is to further solidify its corporate prestige and position in the market by offering banking services holistically. The only way to do this is to ensure full compliance with ethical values as much as the law.

TSKB works to a set of policies, procedures and risk management principles and systems which are clearly defined for all its business lines, services and products. TSKB's IT infrastructure allows

- use of its policies, procedures and systems effectively and rapidly in the service cycle,
- conduct of management reporting the most efficient way possible, and
- execution of internal and external audit functions effectively and rapidly.

A Corporate Governance Committee was established at TSKB in 2009.

A Corporate Governance Committee was established at TSKB to assist the Board of Directors in fulfilling their duties to comply with the corporate governance principles based on the Corporate Governance Principles published by the Capital Markets Board and was approved at the Board meeting on September 30th, 2009. The Corporate Governance Committee is comprised of 2 non-executive board members. The committee plans to meet for at least 4 times a year.

The highest corporate governance rating in the sector

In TSKB's first Corporate Governance Rating Report released to the public on October 20, 2009, the Bank's corporate governance rating was announced as 8.77. In the report published by SAHA, it is stated that TSKB has showed considerable progress in identifying and managing its risks. With the addition of TSKB, the number of companies that formed ISE Corporate Governance Index raised to 18.

According to the report, the area that TSKB performs best is the relationships with its stakeholders in terms of corporate governance practices. This area is followed by informing the community and transparency. The matters that are mainly included in the report and need revisions are summarized below.

TSKB's Corporate Governance Rating: 8.77

Section	Weight (%)	Rating
Shareholders	25	8.55
Public Disclosure and Transparency	35	9.31
Stakeholders	15	9.57
Board of Directors	25	7.76

TSKB's Corporate Governance Rating Report is available at www.tskb.com.tr under the Investor Relations section.

Social Responsibility at TSKB

Sustainable development requires communities made up informed, healthy and productive people. TSKB believes this is possible through a mosaic of thinking and conscious people.



to raise social awareness

TSKB's social responsibility mission is to raise social awareness and sensitivity on risk bearing issues for the world and the future of mankind, specially climate change.

Social responsibility projects form one of the bases of TSKB's sustainable banking philosophy. By applying its corporate abilities and communication network, TSKB has conducted one of the most comprehensive social responsibility projects ever put into practice in Turkey, with its environment theme.

The sustainability banking approach is effectively integrated into TSKB's social responsibility projects. TSKB's slogan is "Environment: Our Priority" in social responsibility projects which it has been conducting since 2007. "Environment: Our Priority" is a comprehensive and long-term social responsibility project of TSKB, aiming to establish platforms for raising environmental awareness in Turkey.

TSKB develops its "Environment: Our Priority" project through various events and sponsorships and plays an active role in environmental platforms.

It takes one minute to see the global change!

From past to present: 'Environment: Our Priority' Project

2007	2008	2009
<ul style="list-style-type: none"> • Sculpture competition titled "Environment: Our Priority" with Mimar Sinan Academy of Fine Arts • "Environment: Our Priority at TSKB" Conference • Day of Meeting Nature • Launch of Turkey's most comprehensive environmental web portal "cevreciyiz.com" 	<ul style="list-style-type: none"> • Akasya Summit Sponsorship • Sponsorship of TEMA education CD • Sponsorship of Education with TEMA CD • cevreciyiz.com celebrated its first anniversary with a renewed version 	<ul style="list-style-type: none"> • 26 spots on environment in cooperation with TRT • Launch of Turkey's first environmental video portal: "cevreciyiz.tv"

cevreciyiz.com

Turkey's most comprehensive environment-related portal is developing, and addressing a broader audience.

Designed to raise social knowledge and awareness on environment and to support all individuals, young and old alike, in acquiring positive and permanent change of behavior by promoting the responsibility against nature, cevreciyiz.com is getting prepared to celebrate its 3rd year.

At cevreciyiz.com, the latest news about environment, Turkey's and the world's environment agenda, research, articles and writings of academicians, non-governmental organizations and professionals interested in the subject, special environment-related files, environmental legislation, things that has to be done for corporate compliance with the legislation, individual and corporate success stories, virtual photograph exhibitions of famous nature photographers, several tools measuring environmental approaches and risks, and constructive pieces of advice. There are also sections addressing youngsters and children at the portal.

A media approach aiming to convert information into benefit

Pursuing a simple, sharing and gracious media approach, which aims to convert information into benefit, cevreciyiz.com is directed by an editorial staff comprised of specialists both in the environment and web-casting. All of the content, including photos and writing on the portal are prepared by specialist and professional participants.

One of the most important features of cevreciyiz.com, which has never sacrificed its high media quality since the beginning of the project, is its interactive composition. Establishing interactive communication with readers through various methods such as surveys, online competitions and e-bulletin membership, cevreciyiz.com also invites all its readers to share their knowledge and experiences on the environment with its call "Be Our Author".

Preparing to celebrate its 3rd year at the end of 2009, cevreciyiz.com is sending private e-bulletins to 10,000 subscribers every month and is visited by an average of 1,000 people monthly.

'cevreciyiz.com', Turkey's most comprehensive environmentally related video portal, went on the web with the motto "It takes one minute to see the global change".

cevreciyiz.com succeeded in becoming the most important sources of information related to the environment in the past 3 years and has won great acclaim from the general public. Enhancing its approach in this field one step further, to the call of "It takes one minute to see the global change", on November 23, 2009 TSKB introduced Turkey's most comprehensive environment-related video portal, cevreciyiz.TV, a rich-content video archive containing campaign promotion footage prepared by a number of key NGOs and award-winning short films shot by young directors in various categories, such as working people, health and nutrition, nature and living, in efforts in such fields as recycling, water, the sea, climate change, energy and the environment.

Saying 'just 1 minute is enough' as a slogan to help people recognize what is happening in our world. Taking its strength from the impact area of motion videos, cevreciyiz.TV aims to raise public awareness through the video portal, to reach the public and raise public interest in the environment, and to draw attention to environmentally related issues. For instance, it aims to draw our attention to changes and the devastation taking place in our world to which we may be oblivious to in the comfort of our home or in our office.

An attractive opening video was prepared and placed on the portal, which includes figurative data; examples being that 12 trees are being cut down every minute; the hazardous gases being emitted into the atmosphere could intoxicate 100 people at the same time; 50 kg of fertile soil is lost or a very precious species loses one of its members every minute, and so on.

Welcoming everyone creating video broadcasts under a wide range of topics or producing films on this subject to share their films, cevreciyiz.TV believes it is in a position to be the richest visual archive where friends of the environment can continuously follow and make use of.



TSKB-TRT (Turkish Radio and Television Corporation) cooperation -The 26-episode environmental spot project

The cooperation between TSKB and TRT played a role in the preparation of the 26-episode informative environmental spots, called “Yemyeşil” (Lush), which was broadcasted on TRT’s national channels on June 1, 2009. TSKB contributed the content and text to the project, in which there are episodes titled “Climate Change”, “Renewable Energy and Energy Efficiency”, “How to Reduce our Carbon Footprint”, “Domestic Waste”, “Wastes and Recycling”, “Efficient Use of Energy”, “Greenhouse Gases and Their Impacts”, “The Impact of Global Warming on Turkey”, “Seas and Pollution”, “The Correct Use of Water”, etc.

TSKB supported the following conferences, panels and workshops in 2009 which are explained in details below, in which its top-level managers took place as debaters.

- 1st International Energy Efficiency Forum on January 15–16, 2009
- UNEP Conference (Sustainable Finance in Turkey) on January 22, 2009
- ICCI 2009–15th Energy and Environmental Technological Systems Exhibition and Conference on May 13–15, 2009
- 2nd Turkish Conference on Energy and Infrastructure Finance on May 21–22, 2009
- Geothermal Energy Symposium held by German-Turkish Chambers of Trade and Industry on May 27, 2009
- 2nd International Conference on Energy and Value held by Hacettepe University on July 3, 2009
- International Carbon Markets Arena held by STEAM on August 14, 2009
- “Role of International Institutions on Financing Sustainable Development” Panel held by REC on September 11, 2009

- Renex Renewable Energy Technologies Fair between September 30–October 3, 2009
- KfW Workshop on Environmental Sustainability of Mini Hydroelectric Power Plants held on October 14, 2009
- TUSIAD (Turkish Industrialists’ and Businessmen’s Association) National Forum – Designing Green Competition Mechanisms in Turkey on October 21, 2009
- UNEP FI 2009 Global Roundtable Cape Town on October 22–23, 2009
- 3rd OSB Energy Summit on October 31, 2009
- 5th Switzerland-Turkey Economic Forum on November 5, 2009
- IWES – Symposium on Energy Generation from Solid Wastes on November 12, 2009
- Power & Electricity World Eurasia on November 16, 2009
- Quality Congress – Transformation into Sustainable Society on November 17, 2009
- Green Power Conferences Wind Power on Turkey on December 9, 2009

A strong future growing from the deep roots of its knowledge and experience

TSKB’s Oral History Project

Interviews were conducted with all CEOs commissioned at the Bank, with their images being archived in a project aimed at recording TSKB’s verbal history and corporate memory, enriching them with visual elements and preserving them for future generations.

During interviews, the CEOs were asked questions about the period when they were commissioned in the Bank’s management, while a precious study was also carried out into the history of TSKB, but which also included the macroeconomic and market conditions for the respective periods. The results of the study were exhibited at the Vision meeting, in which TSKB employees took part, and will keep continue to be updated as a living documentary.

Sustainable Support to Culture and Arts

TSKB has been supporting the Istanbul Music Festival since 1990, organized by Istanbul Culture and Arts Foundation where TSKB is a founder member...

1990 - Martha Graham Dance Company • 1991 - Soviet Philharmonic Orchestra • 1992 - Royal Philharmonic Orchestra • 1993 - Israel Chamber Orchestra • 1996 - The Hanover Band • 1997 - Katia & Marielle Labeque • 1998 - Presidential Symphony Orchestra • 1999 - Peter Schaufuss Ballet • 2000 - Piano Circus • 2001 - Capitole de Toulouse National Orchestra • 2002 - Berlin Philharmonic Violins • 2003 - Tokyo String Quartet • 2004 - Farinelli's Voice in Istanbul • 2005 - Moscow Virtuosos • 2006 - Ala Turka • 2007 - Festival on the Bosphorus! Roby Lakatos • 2008 - Romantic Variations • 2009 - Festival Gatherings II

As part of its activities orientated to social responsibility, TSKB works in interactive and systematic cooperation with NGOs. A summary follows of the NGOs that the Bank is in cooperation with:

NGOs that TSKB cooperates with

TEMA - The Turkish Foundation for Combating Soil Erosion, Reforestation and Protection of Natural Habitats	TEMA's activities mainly include fighting against erosion, and the Foundation works intensely to create awareness on all segments of society about erosion. www.tema.org.tr
TÜRÇEK - Turkish Environmental And Woodlands Protection Society	TÜRÇEK works on preserving environment and nature. www.turcek.org.tr
TURMEPA - Turkish Marine Environment Protection Association	TURMEPA works on protecting Turkey's seas and shores from pollution to leave a healthy environment for the next generations. www.turmepa.org.tr
REC - Regional Environmental Center	REC works on different fields of sustainable development, and gives support to environmental stakeholders on topics such as environmental policy, biodiversity, climate change, renewable energy, environmental information, water and waste management. www.rec.org.tr
ÇEKÜL - The Foundation for the Promotion and Protection of the Environment and Cultural Heritage	ÇEKÜL considers natural resources, cultural heritage and humans as a whole and formulates and implements projects at 'city-basin-region-country' levels. www.cekulvakfi.org.tr
YEŞİL ADIMLAR (GREEN STEPS) - Foundation of Environmental Education	Yeşil Adımlar Foundation of Environmental Education works on creating awareness about environment which is needed for a healthy 21st century society who is in peace with nature and city life. www.yesiladimlar.org
İKSV - Istanbul Foundation of Culture and Arts	İKSV is a worldwide known culture and arts foundation in Turkey. www.iksv.org
TCK - Turkish Geographical Society	TCK works on development of geography, geology and other social sciences in Turkey. www.tck.org.tr

TSKB's Subsidiaries

Yatırım Finansman Menkul Değerler A.Ş. (Yatırım Finansman Securities)

Yatırım Finansman Menkul Değerler A.Ş. (Yatırım Finansman Securities), Turkey's first capital market corporation, was founded on October 15th, 1976 with the participation of 13 major banks under the leadership of Türkiye İş Bankası (İsbank) and TSKB (Industrial Development Bank of Turkey).

Having gained itself a respected place in the capital markets by demonstrating rapid and consistent growth since its foundation, Yatırım Finansman has been one of the leading corporations of the sector as a "symbol of trust" throughout its 30-year history.

With a strong and wide service network throughout Turkey, Yatırım Finansman offers reliable, qualified and rapid capital market services to individual and corporate investors throughout Turkey and the world. Yatırım Finansman's service network is composed of its 11 branches in important central locations, a contact office and a contact agency, investment advisors and customer representatives all holding CMB licenses, a Special Transaction Center (444 11 44), an Internet Branch (www.yatirimfinansman.com) and a Telephone Branch (444 11 44). Enjoying easy access to domestic and foreign corporate investors thanks to its wide investor base and broad branch network, Yatırım Finansman became an indispensable strategic partner in public offerings.

Today Yatırım Finansman is one of Turkey's top brokerage houses with more than 30,000 individual and corporate customers both in Turkey and abroad, with a total customer portfolio of TRY 1 billion and an investment fund portfolio amounting to TRY 202 million at the end of the year. The company's paid-in capital amounted to TRY 38.5 million as of December 31st, 2009, its shareholders' equity to TRY 50.4 million as of end-December, 2009.

www.yfas.com.tr

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB Real Estate Investment Trust)

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB Real Estate Investment Company-TSKB REIT) is a subsidiary of TSKB that was founded at the beginning of 2006.

TSKB REIT, with its primary investor identity, predominantly operates in the field of commercial real estate project design and participates in such investments as a fund holder. Although TSKB has engaged in a continuous effort to secure and provide financing for private sector investment while also making important contributions towards the formation of Turkey's capital markets through its own investment banking activities ever since its inception back in 1950, the Bank added new direction to its activities in real estate development and investments by establishing TSKB REIT at the beginning of 2006. The formation of TSKB REIT paved the way for the Bank to take part in real estate development and investment projects as a shareholding partner, rather than solely as a source of financing.

As of end-2009, TSKB REIT's paid-in capital amounted to TRY 100 million, with total assets of TRY 298 million and shareholders' equity of TRY 164 million.

Real Estate Portfolio

TSKB REIT's fundamental principle is to offer investors a sound and reliable portfolio of real estate properties while taking advantage of the support arising from the knowledge and experience, expertise, and corporate approaches of its founder and shareholder, Industrial Development Bank of Turkey (TSKB). Within this overall framework, the company seeks to formulate and manage a basket of properties that are diversified as to both type and geographical location. Although TSKB REIT's activities and investments are largely concentrated in commercial real estate, the company may involve itself in investment opportunities in housing and other kinds of properties from time to time.

Sustainability is foremost among TSKB REIT's priorities in its real estate investments. The underlying principle in all of the company's project development activities is to realize investments which are modern and distinctive as well as commercially, socially, and environmentally viable and which are neither stopgap nor short-term solutions.

The company's portfolio currently contains three office buildings (a total area of approximately 20,000 m2) which generate rental income; a shopping center (Pendik Pendorya) which was completed and opened at the end of 2009, with 30,000 m2 of leasable space; and land for a project involving the development of a city hotel in Adana, which will have about a 200-bed capacity.

Capital Markets

Enabling real estate properties to be a sound and liquid alternative capital market vehicle for investment is one of TSKB REIT's primary aims.

As an investment firm, TSKB REIT is fully regulated by Turkey's capital market laws and regulations. The company is currently preparing to undertake an initial public offering once it has formulated its real estate property portfolio in line with legal requirements and satisfied other criteria, thus enabling its shares to be traded on the Istanbul Stock Exchange like those of its principal stockholder, TSKB. The company aims to complete the procedure in the first half of 2010.

www.tskgyo.com.tr

TSKB Gayrimenkul Değerleme A.Ş. (TSKB Real Estate Appraisal)

Founded by TSKB in November 2002 to provide real estate appraisal services, TSKB Gayrimenkul Değerleme A.Ş. was added to the "Appraisal Companies" list accepted by the Capital Markets Board in February 2003.

The foundations of TSKB Gayrimenkul Değerleme's knowledge and experience are rooted in more than half a century of expertise in the valuation of real estate properties, machinery and equipment parks. Appraising properties

and assets at their current market value both independently and impartially as required by the Capital Markets Board (SPK) laws and regulations, TSKB Gayrimenkul Değerleme reports its findings in full compliance with internationally-recognized valuation standards to its customers. In the conduct of all of its activities, TSKB Gayrimenkul Değerleme represents its parent company's extensive knowledge and expertise.

In 2008, the British monthly Euromoney cited TSKB Gayrimenkul Değerleme for two awards in the "Liquid Real Estate" category. In its rankings of real estate valuation and advisory firms in Turkey, the magazine placed TSKB Gayrimenkul Değerleme as "The Best Property Valuation Company in Turkey" and "The Best Property Advisory Company in Turkey". The company had also been handed the award for "The Best Property Advisory Company in Turkey" by Euromoney in 2005, too.

In addition to its string achievements achieved over the last 6 years since its foundation, TSKB Gayrimenkul Değerleme was awarded the ISO 9001:2000 Quality Certificate which is issued by the British certification company, BSI. (Şti-BSI Eurasia Management Systems Certification Ltd.). Confirming its quality with this certificate, TSKB Gayrimenkul Değerleme was also the "first property valuation company" in Turkey to be awarded an ISO 9001:2000 certificate.

TSKB Gayrimenkul Değerleme was one of the first companies authorized to provide such services as "appraisal of real estate, real estate projects and/or rights and benefits related to real estate" as per Banking Regulation and Supervision Agency's (BRSA) decision no. 3496 dated: 17.12.2009. The BRSA has only granted such authorization to four companies, including TSKB Gayrimenkul Değerleme. The appraisal process for mortgages with a value exceeding TRY 2 million may only be performed by institutions authorized by the BRSA.

Performing appraisal of properties subject to corporate and commercial collateral sureties

in the banking sector, in July 2009 TSKB Gayrimenkul Değerleme began to offer banks services connected to the valuation of properties subject to individual collateral sureties.

Besides its branches in Ankara, Istanbul and Izmir, TSKB Gayrimenkul Değerleme, with its agencies in 21 cities, provides appraisal services to banks in cities which, between them, account for 80% of Turkey's total housing loan volume.

Under plans to further strengthen its organization in 2010, TSKB Gayrimenkul Değerleme aims to serve in cities which, between them, account 95% of the total national housing loan volume.

Since its foundation, TSKB Gayrimenkul Değerleme has provided property valuation and advisory services to banks, real estate investment trusts, financial leasing companies, and foundations as well as to many clients active in a wide range of sectors including textiles, cement, public, publishing, tourism, fuels, foods, construction, logistics and real estate development.

In addition to its advisory activities, TSKB Gayrimenkul Değerleme also provides specialized

reporting services complying with internationally recognized CMB and IVSC reference standards, in line with customers' requests.

www.tskbgd.com.tr

TSKB Yatırım Ortaklığı A.Ş. (TSKB Investment Trust Inc.)

Founded in 2000, TSKB Yatırım Ortaklığı A.Ş. (TSKB Investment Trust Inc) went public in 2001. 68% of its shares currently trade on the Istanbul Stock Exchange. At the end of 2009, the company's asset size stood at TRY 41 million, with shareholders' equity of TRY 41 million and issued capital of TRY 29,067,000.

At the Extraordinary General Assembly meeting held on June 19th, 2009, it was decided, in line with the CMB's permission dated: May 13, 2009 to terminate all rights, receivables, payables and liabilities, as well as the legal entity of Yatırım Ortaklığı A.Ş., the company to be taken over as a whole and to merge with it, and for the merger contract to be approved.

Please find below a summary of TSKB's subsidiaries under the İşbank Group:

	Sector	Capital	Share	Web
İş Finansal Kiralama A.Ş.	Finance	TRY 250 million	28.71%	www.isleasing.com.tr
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Finance	TRY 25.2 million	16.67%	www.isgirisim.com.tr
İş Factoring Finansman Hizmetleri A.Ş.	Finance	TRY 16 million	21.75%	www.isfactoring.com.tr

Amendments Made to the Articles of Association During the Year

No amendments were made to the company's articles of association during 2009.

Statements Concerning Shares Owned by the Chairman and Members of the Board of Directors, CEO and Executive Vice Presidents

Please refer to item 18 in "Corporate Governance Principles Compliance Statement".

Independent Auditors' Compliance Opinion for the Annual Report

Deloitte.

DRT Bağımsız Denetim
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza Bilim Sok.
No:5 Maslak, Şişli 34398
İstanbul, Türkiye

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

ANNUAL ACTIVITY REPORT

Compliance Opinion

To the General Assembly of Sınai Kalkınma Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of Türkiye Sınai Kalkınma Bankası A.Ş. with the audit report issued as of December 31, 2009. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act Statute 5411. Those standards require that we plan and perform our audit to obtain reasonable assurances whether annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as of December 31, 2009 in accordance with the prevailing principles and standards set out as per the Article 40 of the Banking Act Statute 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary Management report and our audit opinion on these financial statements.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**



Sibel Türker
Partner

İstanbul, 3 March 2010

Members of the Board of Directors and Statutory Auditors



H. Ersin Özince
Chairman



Halil Eroğlu
Board Member and CEO



Kadir Akgöz
Vice Chairman



Prof. Dr. M. Baran Tuncer
Board Member



Yavuz Canevi
Board Member



Burhanettin Kantar
Board Member



Murat Bilgiç
Board Member



Kemal Serdar Dışli
Board Member



Süleyman Kalkan
Board Member



Memduh Aslan Akçay
Board Member



Remzi Altınok
Board Member



Mete Uluyurt
Statutory Auditor



Zeynep Hansu Uçar
Statutory Auditor

H. Ersin Özince (1)
Chairman

Ersin Özince was born in 1953 in Balıkesir and graduated from Middle East technical University with a BS degree in Management. He started his professional career in 1976 at İsbank's Board of Inspectors. After serving as the head of various departments within İsbank, he was appointed as a Deputy Chief Executive in 1994 and was responsible for Treasury, Accounting, Securities, Commercial Loans and Credit Information and Financial Analysis functions of İsbank. He was appointed as the Chief Executive Officer of İsbank at 1998. He is also serving as the Chairman of the Banks Association of Turkey, and a Board Member at The Institute of International Finance Inc., Vehbi Koc Foundation and Istanbul Culture and Arts Foundation. Mr Özince is a member of Institut Internationale d'Etudes Bancaires, a Member of the Board of Trustees at Bilkent University and Education Volunteers Foundation of Turkey. Ersin Özince has been the Chairman of TSKB's Board of Directors since March 25, 2009.

Prof. Dr. M.Baran Tuncer (4)
Board Member

M.Baran Tuncer was born in 1934 and graduated from the Faculty of Political Sciences of Ankara University. He completed a master's degree at the University of Kansas, doctorate degree at the Faculty of Political Sciences of Ankara University he also studied at the University of California. He became a professor in economics in 1976. He had his academic career in the University of Ankara and Boğaziçi University, while he lectured at the Middle East Technical University, the University of Hacettepe and the University of Bilgi. Apart from Turkey, Mr.Tuncer worked at the University of Yale and the University of Minnesota in the USA as a researcher and guest lecturer. In 1960s he served as the President of Economic Planning Bureau in the State Planning Organization, and he worked as a board member in Customs and Excise Ministry in 1974 and in Eczaolbaşı Holding in 1970s for a short time. He served in the World Bank for 15 years since 1980 in East Africa, Southeast Asia and Latin America divisions. He was the Chief Economist for the Central American countries before he left. He was appointed as the Vice Chairman of İş Bank's Board of Directors on 12 July, 2002. Mr. Tuncer has been a member of the TSKB's Board of Directors since June 12, 2008.

Murat Bilgiç (7)
Board Member

Murat Bilgiç was born in Ankara in 1968 and graduated from the Department of International Relations at the Faculty of Economics and Administrative Sciences of Middle East Technical University. He then completed a master's degree in banking at the University of Birmingham. He joined Türkiye İş Bankası in 1990 as an assistant inspector. In 2002 he became the Regional Manager in the Corporate Loans Department after serving in a variety of positions at the bank, since 2008 he is working as the manager of the Corporate Loans Department. Mr. Bilgiç has been a member of TSKB's Board of Directors since March 30, 2005.

Memduh Aslan Akçay (10)
Board Member

Memduh Aslan Akçay was born in 1965, is a graduate of Ankara University (Faculty of Political Sciences, Department of Economics), and holds a master's degree in Economic Policy from the University of Illinois. Mr. Akçay began his career in 1990 in the Funds Management Department of Etibank. He worked at the State Planning Organization in 1993-2000 and at the Banking Regulation and Supervision Agency in 2000-2004 before joining the Undersecretariat of the Treasury subsequently. He currently holds the position of General Directorate of the Foreign Economic Relations Department at the same agency. Memduh Aslan Akçay has been a member of the TSKB'S Board of Directors since May 10, 2007.

Halil Eroğlu (2)
Board Member and CEO

Halil Eroğlu was born in Karşıyaka in 1952. He graduated from the Department of Economics at the Faculty of Political Sciences and Public Finance at Ankara University and began his career at Türkiye İş Bankası, where he served in various positions from 1976 to 1996. He worked as the general manager of Dışbank (1996-1998), İş Finansal Kiralama (1998-2001), and Sınai Yatırım Bankası (2001-2002). Mr Eroğlu has been a member of TSKB's Board of Directors and the Bank's CEO since March 22, 2002.

Yavuz Canevi (5)
Board Member

Yavuz Canevi was born in Konya in 1939 and graduated from the Department of Public Finance and Economics at the Faculty of Political Sciences of Ankara University in 1960. He completed a master's degree at the University of Southern California between 1966 and 1969. After serving as a Ministry of Finance inspector between 1960 and 1963, he served in a variety of positions in public and private organizations from 1963 to 1989, until retiring from his position as Treasury Undersecretary in the latter year. Mr Canevi has been the Chairman of the Board of Directors of Türk Ekonomi Bankası since 1996.

Kemal Serdar Dişli (8)
Board Member

Kemal Serdar Dişli graduated from the Department of Public Administration at the Faculty of Economics and Administrative Sciences of Hacettepe University. He began his career at Türkiye İş Bankası in 1988. He served in various positions at the bank until 2006, and has worked as manager of Corporate Banking & Marketing Department since then. In 2009 Mr. Dişli is appointed to Maslak Corporate department. Mr. Dişli has been a member of TSKB's Board of Directors since May 28, 2007.

Remzi Altınok (11)
Board Member

Remzi Altınok was born in Bingöl in 1962 and graduated from Faculty of Political Sciences of Istanbul University. He began his career at T.Vakıflar Bankası T.A.O. as an assistant inspector at the Board of Inspectors in 1991. After serving as an assistant manager between 1995-1997 in Istanbul Stock Exchange, he was appointed manager in 1997. After serving as the manager of Istanbul Region Credit Management he became Sisli Branch Manager between 2002-2003 and then continued his career as the 1st Region Responsible Manager. In 2004 he was appointed as the Mecidiyeköy Branch Manager. Mr. Altınok, served as a branch manager in Istanbul Anatolian Corporate Center, same year in May he became the President of committee. In September 2006, he became to head of the Commercial Credit Board and he is still leading presently. Mr. Altınok has been a member of TSKB's Board of Directors since August 13, 2008.

Kadir Akgöz (3)
Vice Chairman

Kadir Akgöz was born in Trabzon in 1950 and is a graduate from the Department of Engineering at the Middle East Technical University. He began his career at Türkiye İş Bankası in 1978 as an assistant system specialist at the Organization Department. After serving in a number of the bank's units, he was appointed as the Deputy Chief Executive on February 27, 2002. Mr. Akgöz has been a member of the TSKB's Board of Directors since March 17, 2006.

Burhanettin Kantar (6)
Board Member

Burhanettin Kantar was born in Trabzon in 1963 and graduated from the Department of Public Administration at the Faculty of Economics and Administrative Sciences of the Middle East Technical University. He began his career in 1988 at Türkiye İş Bankası as an assistant inspector on the Board of Inspectors. Mr. Kantar was appointed as the assistant manager in the Participations Department in 1997. In May 2005 he was appointed manager in the same department where he has been serving as group manager. Mr. Kantar has been a member of TSKB's Board of Directors since March 23, 2005.

Süleyman Kalkan (9)
Board Member

Süleyman Kalkan was born in 1956 in Kırşehir. He graduated from the Department of International Relations at Faculty of Political Sciences of Ankara University. He started his career as an assistant inspector at İsbank in 1983, where he was appointed as assistant manager for Retail Loans in 1993, and regional manager for Commercial and Corporate Loans in 1995. He served as Non-Performing Loans Manager from 1997 until 2003. Mr.Kalkan worked as the manager of Levent branch until July 2006, and he is currently the manager of Balmumcu branch. Süleyman Kalkan also functioned as an auditor and held memberships in the Boards of Directors of various companies. He has been serving as a Board director at Anadolu Hayat Emeklilik since 28 March 2007. Mr Kalkan has been a member of the TSKB's Board of Directors since March 25, 2009.

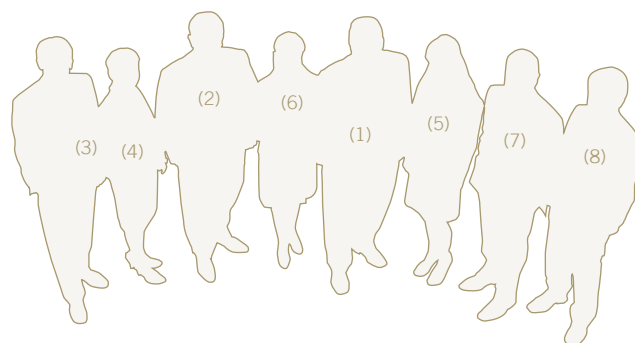
Mete Uluyurt (12)
Statutory Auditor

Born in Adana in 1972, Mr. Uluyurt graduated from Tarsus American High School in 1989 and from the Department of Economics at Bilkent University in 1994 before going on to complete a master's degree in Business Management in the Boğaziçi University in 2005. He started his career in 1996 at Türkiye İş Bankası as an assistant inspector on the Board of Inspectors. He served as the Assistant Manager at the Budget & Planning Department, as the Vice President in the Board of Inspectors and as the Group Manager of the Board of Change Management at Türkiye İş Bankası. Since November 2008, he is serving as a Unit Manager at the Strategy and Corporate Performance Management Department. Mr. Uluyurt has been the statutory auditor at TSKB since March 25, 2008.

Zeynep Hansu Uçar (13)
Statutory Auditor

Born in 1971, Mrs. Uçar graduated from the Department of Business Administration at the Faculty of Economics and Administrative Sciences at the Middle East Technical University. Starting her career at Türkiye İş Bankası in 1993 and taking charge in a variety of positions at the bank, Mrs. Uçar still executes her duty as the Participations Unit Manager at Türkiye İş Bankası. She has been the statutory auditor at TSKB's Board of Directors since October 31, 2007.

Senior Management



Halil Eroğlu

Board Member and CEO

Halil Eroğlu was born in Karşıyaka in 1952. He graduated from the Department of Economics at the Faculty of Political Sciences and Public Finance at Ankara University and began his career at Türkiye İş Bankası, where he served in various positions from 1976 to 1996. He worked as the general manager of Dışbank (1996-1998), İş Finansal Kiralama (1998-2001), and Sınai Yatırım Bankası (2001-2002). Mr Eroğlu has been a member of TSKB's Board of Directors and the Bank's CEO since March 22, 2002.

Şemseddin Arat

Executive Vice President (7)

Şemseddin Arat was born in Erzurum in 1954 and graduated from Hacettepe University (Department of Mathematics) after which he completed a master's degree in the same subject at the same university. Mr. Arat began his career at Türkiye İş Bankası, serving in a variety of positions until 1995 when he became the Information Technology Coordinator at TSKB. Şemseddin Arat was appointed Executive Vice President in 2000 and is responsible for the Information Technologies and Human Resources Division which includes Application Development, System Development and Quality Management, Business Analysis and Process Management, Talent Management and Corporate Communication, Human Resources and System & Network Support departments.

A. Orhan Beşkök

Executive Vice President (2)

Orhan Beşkök was born in Ankara in 1955 and graduated from the Central London Polytechnic (Department of Economics) after which he completed a master's degree in economics at London School of Economics. After serving in a variety of positions at TSKB, he was appointed Head of the Economic Analysis Department in 1995. Mr. Beşkök became an Executive Vice President in 2002 and is currently responsible for the Project Appraisal and Evaluation Division, which includes the Financial Analysis, Economic Analysis and Engineering Analysis departments.

Şeniz Yarcan

Executive Vice President (5)

Şeniz Yarcan was born in Bolu in 1965 and graduated from the (Department of Business Administration) Boğaziçi University. Mrs. Yarcan began her career at TSKB as an Assistant Investment Consultant in the Treasury Department. After serving in a variety of positions, she was promoted to Executive Vice President in 2004. Mrs. Yarcan is currently responsible for the Treasury, Investment Banking & International Relations Division, which includes the Treasury, Financial Institutions and Investor Relations, Research, Corporate Finance and Asset Management departments.

Burak Akgüç

Executive Vice President (3)

Burak Akgüç was born in İstanbul in 1964 and graduated from Boğaziçi University the (Department of Political Science). Mr. Akgüç joined TSKB in 1991 as a Specialist in the Financial Analysis Department. After serving in a variety of positions, he was appointed Head of the Loan and Investment Department in 2001. He became an Executive Vice President in 2005 and is currently responsible for the Corporate Marketing Division, which includes the Corporate Banking departments and Ankara and İzmir branches.

Ömer Eryılmaz

Executive Vice President (8)

Ömer Eryılmaz was born in Giresun in 1964 and graduated from İstanbul University (Faculty of Business Administration). Mr. Eryılmaz began his career in 1986 at Sınai Yatırım Bankası and became Financial Control Manager in 1999. Since 2002 he has been the Head of the TSKB's Risk Management Department and was promoted to the Head of the Board of Inspectors in 2003. Ömer Eryılmaz appointed an Executive Vice President in 2006 and is currently responsible for the Financial Control & Capital Markets Division, which includes the Financial Control, Budget & Planning and Capital Markets departments.

Çiğdem İçel

Executive Vice President (6)

Çiğdem İçel was born in Eskişehir in 1966 and graduated from Boğaziçi University (Department of Business Administration) . Mrs.İçel began her career at TSKB as an Assistant Investment Consultant in the Treasury Department. After serving in a variety of positions, she was appointed Head of Treasury and Correspondent Banking Department in 1998. Çiğdem İçel became an Executive Vice President in 2006 and is currently responsible for the Operations Division, which includes Loan Operations and the Treasury and Capital Markets Operations departments.

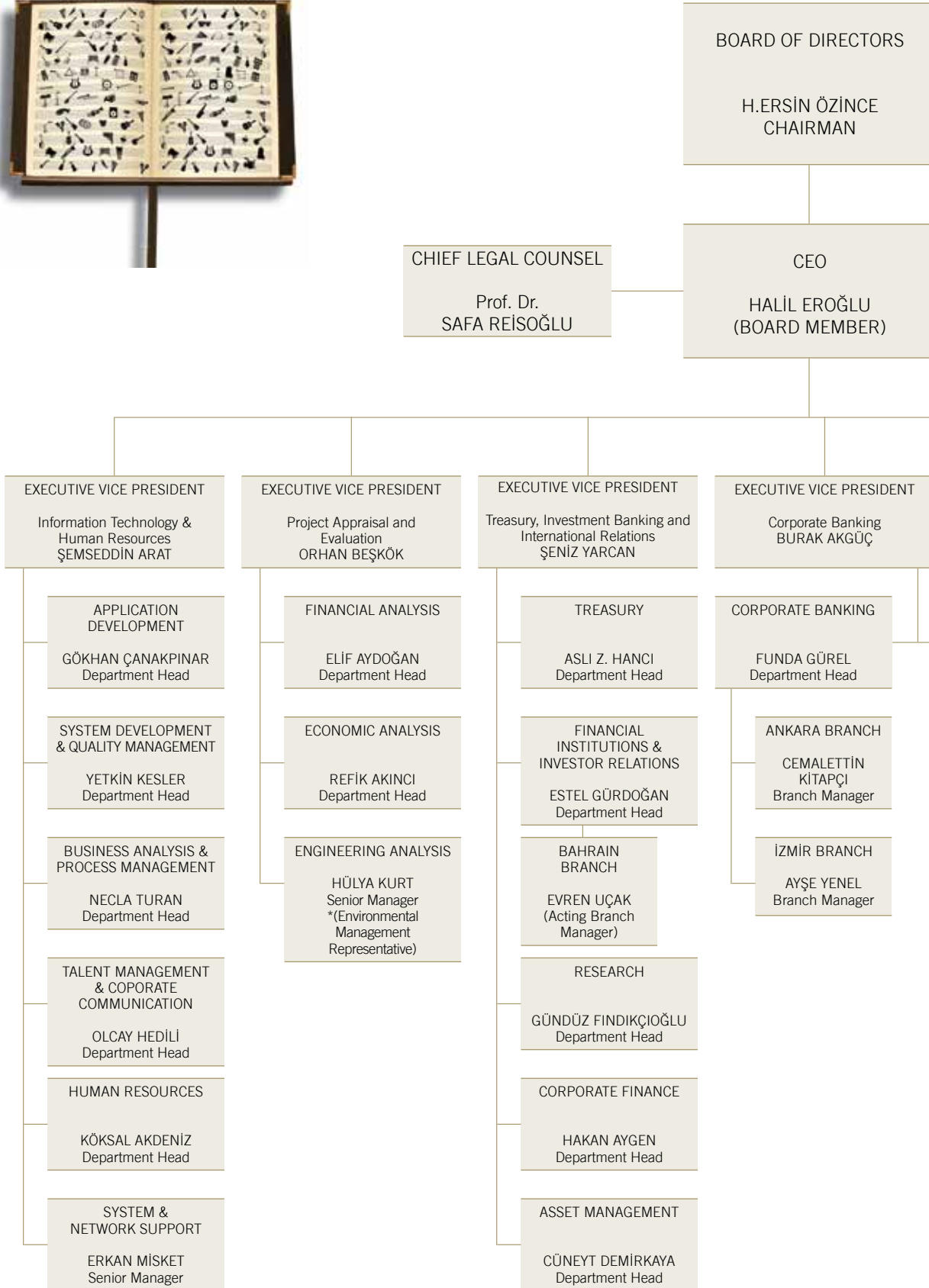
Ufuk Bala Yücel

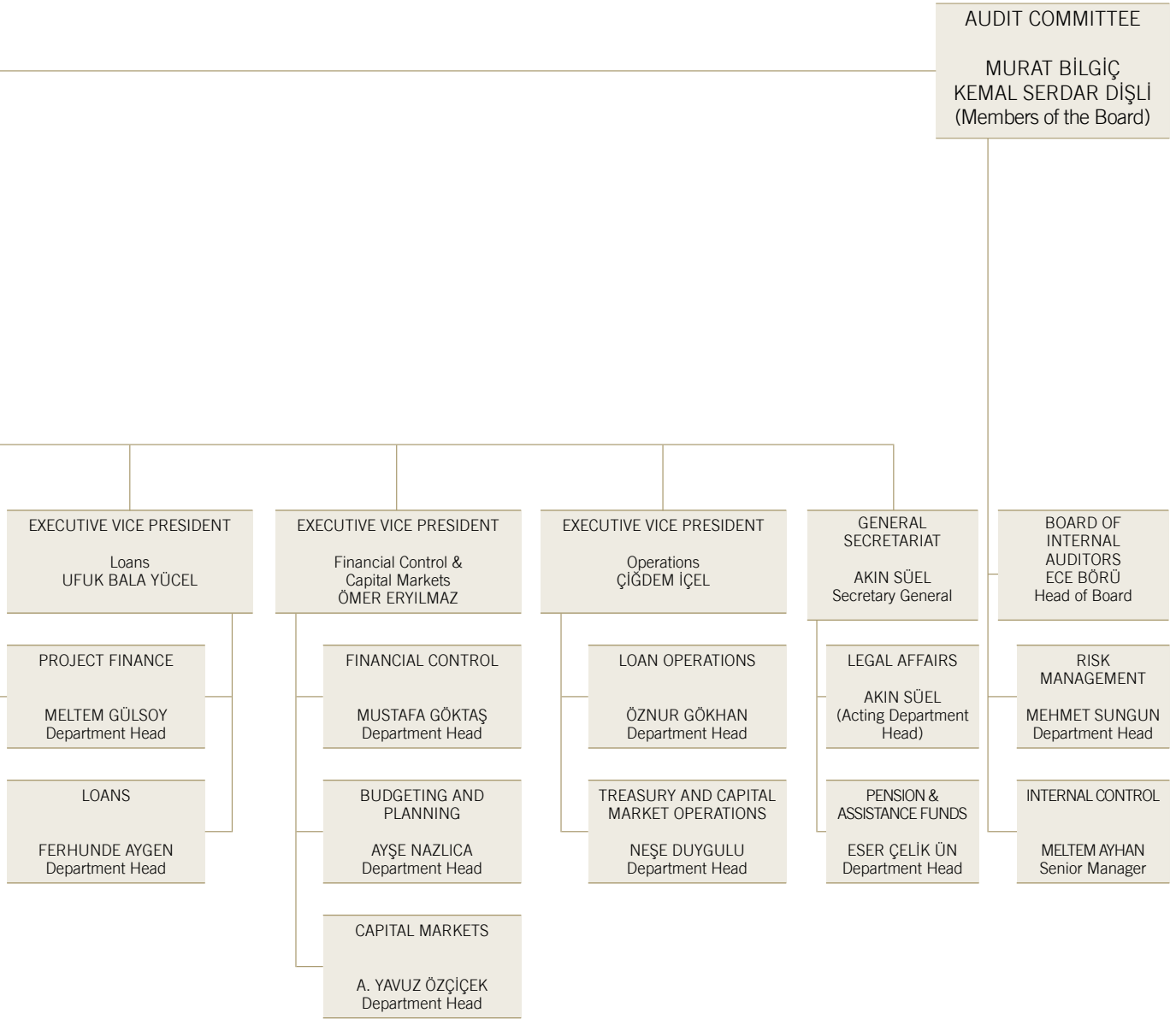
Executive Vice President (4)

Ufuk Bala Yücel was born in İstanbul in 1964 and is a graduate of Boğaziçi University (Department of Political Science). Mrs. Yücel began her career in 1987 and joined TSKB as the Loans Manager in 2002 after serving in a variety of banks. She was promoted to Group Manager in 2007. Since 2008 Ufuk Bala Yücel has been working as an Executive Vice President responsible for the Loans Division, which includes the Project Finance and Loans departments.

Organization Chart

An orchestra of choice comprised of 26 different departments





*Reports directly to General Manager as Environment Management Representative

Türkiye Sınai Kalkınma Bankası A.Ş.

Activities of the Risk Management Committees That Have Been Set up and the Full Names of the Heads and Members of These Committees and of the Members of the Audit Committee

Audit Committee

According to the Banking Law's 24th clause, the Audit Committee established by two members of Board of Directors whom do not have act of commission. Regulation about the assignment, authorization and liability of the Audit Committee, has been approved and inured.

The Committee has two members, who are member of board of directors without act of commission. It is chaired by Kemal Serdar Dişli and Murat Bilgiç.

Duties of Audit Committee are:

- Establishing the internal audit, internal control and risk management systems in compliance with legal and internal regulations, ensuring that they function effectively and sufficiently,
- Helping Board of Commission out with assessment of external auditors and monitoring the appointed auditor's activities on a regular basis,
- Ensuring that the internal audit functions of subsidiaries on a consolidated basis are coordinated in line with regulations,
- Reporting to the Board of Directors that the internal audit, risk management, internal control units and the external auditors operate within the framework of the related regulations and informing the Board of any issues or incidents that could have an adverse impact on the continuity or soundness of the Bank's activities,
- If necessary, gathering information and related documents from all units of the bank, support service contractors, and independent auditors; being subject to Board approval obtaining consultancy service,
- Submitting the internal audit report which is prepared by responsible internal auditors to the Board of Directors.

In 2009, Audit Committee held 9 meetings.

Executive Risk Committee

The Executive Risk Committee is responsible for preparing, getting approval from the Board of Directors and monitoring the execution of the risk management strategies and policies the Bank will follow. The Executive Risk Committee represents the Risk Management Group before the Board of Directors. The members of the Executive Risk Committee are Mr. Halil Eroğlu (CEO and Board Member), Mr. Murat Bilgiç (Board Member and Audit Committee Member) and Mr. Mehmet Sungun (Head of Risk Management).

Managers of Internal Systems

Head of Board of Internal Auditors: Ece Börü

Term of Office	Work Experience	Departments Worked Previously	Academic Background
4 Years	20.5 Years	Financial Control, Program and Budgeting	B.A. Degree from a Domestic University

Senior Manager of Internal Control: Meltem Ayhan

Term of Office	Work Experience	Departments Worked Previously	Academic Background
7 Years	25 Years	Financial Control, Internal Audit	B.A. Degree from a Domestic University

Head of Risk Management: Mehmet Sungun

Term of Office	Work Experience	Departments Worked Previously	Academic Background
4 Years	16.5 Years	Financial Analysis, Loan, Corporate Marketing	M.A. Degree from a Domestic University

Türkiye Sınai Kalkınma Bankası A.Ş.

Summarized Board Of Directors Report

Welcome to the 60th annual general meeting of our bank.

Before presenting for your examination and consideration the Board of Directors' and Statutory Auditors' reports and the profit & loss statement for the 2009 fiscal year we respectfully welcome our shareholders and their representatives and our guests who have honored this meeting with their presence.

While the real sector was highly impacted by the fluctuations in global environment in 2009, the banking sector has managed to increase both its profitability and shareholders' equity above the trends, which represents a first in the world.

As of December 31, 2009 the banking sector has reached a level of TRY 834 billion in total assets and a level of TRY 396 billion in loan volume. The slow and downward trends in all the loan types' volumes started with the breakdown of the global crisis in the last quarter of 2008. The loan growth has picked up starting from the third quarter of 2009. The securities portfolio has increased by 35% in 2009, above the total asset growth of the sector , and has reached the level of TRY 263 billion by the end of the year. The shareholders' equities of the banking sector grew by 28,2% which amounts to TRY 110,7 billion. The capital adequacy ratio of the sector was 20,4% as of December, 2009.

As a result of carrying on the strong and healthy growth, TSKB reached the following indicators as of 31 December 2009 compared to the same period of the last year :

- Our shareholders' equity increased by 39% to TRY 1.040.795 thousand
- Our total lending grew by 2% to TRY 3.954.710 thousand
- Our total assets grew by 11% to TRY 6.904.629 thousand
- Our net profit increased 47% to TRY 174.888 thousand.

As of end-2009, our capital adequacy ratio was 24,9%, and the ratio of non-performing-loans was 0,6%.

We have submitted for your examination and consideration our balance sheet and profit & loss statement in the annual report of our activities in 2009.

We take this occasion to thank all our shareholders, employees and partners for their contributions towards our having these results and once again respectfully greet you, our shareholders for having honored this general meeting.

Türkiye Sınai Kalkınma Bankası AŞ

Board of Directors

Türkiye Sınai Kalkınma Bankası A.Ş.

Information Concerning Human Resources Practices

The quality of the level of education, expertise, and identification within the company all put TSKB's personnel power ahead of their peers in the sector. Analytical and problem-solving effectiveness, competence in running business in the global market and strategic planning skills number among the primary competencies of TSKB employees.

Senior and middle management personnel of the Bank took part in two organizations in Abant and Şile to review activities in 2009 and identify goals for 2010. Our Bank also won the Sustainable Bank Award in 2008 and 2009 and many activities are held in this context. Inhouse awareness-raising educations are organized for the social responsibility and aimed to set up a corporate philosophy. Applications held inhouse within the context of Environmental Management System, which is an important part of Sustainable Banking, was quoted to the staff and with the Disaster Awareness educations, information on this topic was updated.

Human resources statistics			%	
Total personnel		310	100	
Women		149	48	
Men		161	52	
Average length of service (years)		8.5		
Women		7.9		
Men		9.0		
Average age		35.9		
Women		35.0		
Men		36.7		
Educational status of banking personnel		Women	Men	Total
University		134	116	250
Other		10	3	13
Grand total		144	119	263
Foreign language competency among banking personnel (%)		Women	Men	Total
Grand total		%76	%79	%77

The balance between the number of male and female employees, the educational level of its banking personnel, and the high percentage of foreign language competency at TSKB are all remarkable. TSKB personnel have a strong sense of identity with the bank, a fact that is made clear by an average length of service figure of 8,5 years. Another important source of the bank's success is its relatively young staff, whose average age is 35,9.

Information About Transactions The Bank Enters Into with Members of Its Own Riskgroup

See footnote VII of section V of the notes to the financial statements on page 151 of the unconsolidated independent auditor's report.

Türkiye Sınai Kalkınma Bankası A.Ş.

Information on Areas of Activity in Which Support Services were Procured and Persons and Organizations from Which Such Services Provided, Pursuant to Regulations Regarding Support Services Procured by Banks and Authorization of Support Services Organizations

It is thought that services listed below, which are procured by TSKB, are appraisable within the context of the Regulation on Procurement of Support Services of Banks and Authorization of Organizations Providing These Services article no.1, clause no.3 stating these services could be evaluated under the information systems software maintenance;thus limiting the scope to clause no. 5, article no. 6;clause no.10 and 11 and clause no.12,article no.1;

- Support and maintenance services recieved from Mor Teknoloji Yazılım İletişim Bilişim Danışmanlık ve Enerji San.Ltd.Şti. for EFT interface software,
- Support and maintenance services recieved from ATP Ticari Bilgisayar A.Ş.(Tradesoft) for ATP investment funds software,
- Services recieved from İdeal Bilişim Hizmetleri San ve Ltd.Şti for Swift integration software,
- Support services recieved from İşnet Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.for the backup of the system in emergency situations,
- Support and maintenance services recieved from İdeal Bilişim Hizmetleri San ve Ltd.Şti. for Swbase Nostro and FX agreement softwares,
- Support and maintenance services recieved from Matrix Bilgi Dağıtım Hizmetleri A.Ş. for Vob Api software,
- Support and maintenance services recieved from 32BİT Bilgisayar Hizmetleri Ltd.Şti. for Reuters Deal Ticket Transfer software,
- Services recieved from Eczacıbaşı Bilişim A.Ş.for electronic sequestration administration system,
- Support and maintenance services recieved from Eastern Networks Çözümleri Tic.A.Ş. for Payment System Gateway Maestro module,
- Support and maintenance services recieved from Matrix Bilgi Dağıtım Hizmetleri A.Ş. for E-broker software,
- Maintenance services recieved from Eastern Networks Çözümleri Tic. A.Ş. for Swift Alliance software package,
- Maintenance services and purchase of Paygate Search Software from Eastern Networks Çözümleri Tic.A.Ş.
- Support and maintenance services recieved from Gantek Teknoloji Bilişim Çözümleri A.Ş. for Riskfree software,
- Support and maintenance services recieved from Gantek Teknoloji Bilişim Çözümleri A.Ş. for Treasury Valuation software

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Corporate Governance Principles Compliance Report

1. Corporate Governance Compliance Report

Believing that corporate governance principles are at least as important as financial performance, the bank sees their implementation as being highly beneficial to the development of national and international capital markets as well as in the bank's own interests.

The Corporate Governance Compliance Report is prepared within the framework of "Principles of Corporate Governance" published by Capital Markets Board (CMB) considering international and sectoral principles. The bank seeks to comply with such principles to the maximum degree possible and it makes an ongoing effort to do so.

The bank's articles of association contains no provisions governing:

- Requests to have a special auditor appointed being granted as an individual right
- The payment of advances on dividends
- The participation of stakeholders in the bank's management
- Use of the cumulative voting system in the election of members of the Board of Directors (BOD)
- Decisions of a highly important nature such as mergers or demergers that make significant changes in the bank's capital or management structures or assets; buying, selling, leasing, renting, donating, or contributing substantial amounts of assets and property; providing guarantees, surety, mortgages, and the like to third parties being taken at a General Assembly
- A shareholder relations policy has been formulated.

Although there have never been any conflicts of interest among stakeholders over the limited number of corporate governance principles that have so far not been implemented, the bank desires to have them implemented within the framework of a plan in the least amount of time possible.

A determination and assessment of the level of the bank's compliance with corporate governance principles and opinions concerning the development of the level of compliance in terms of scope and nature are presented below.

2. Shareholder Relations Unit

According to the BOD decision taken at the meeting dated March 16, 2009; the Bank's General Secretary is appointed to act as 'shareholders relations unit', to display activity on the subject of usage of the rights of the Bank's shareholders and reporting to the Board of Directors and provide communication between the shareholders and the Board of Directors, complied with the CMB law of Serial IV, No:41.

The shareholder relations unit is responsible for managing the exercise of shareholders' rights and for maintaining communication between shareholders and the Board of Directors.

Corporate Governance Committee is founded and the members were assigned at the Board of Directors meeting dated 30 September 2009 and no:1902.

The reporting of the activities of the Committee to the Board of Directors have been initiated.

The basic functions and duties of the Shareholder Relations Unit are the following:

- Ensure that records pertaining to shareholders are maintained in a reliable, secure, and up-to-date manner.
- Respond to shareholders' written requests for all information about the bank except that which has not been publicly disclosed or is confidential and/or in the nature of a trade secret.
- Ensure that General Assemblies are conducted in accordance with the requirements of current laws and regulations and of the bank's articles of association and other bylaws.
- Prepare documents for the use of shareholders at General Assemblies.
- Record the results of voting at General Assemblies and ensure that such results are reported to shareholders.
- Supervise and follow up on all issues related to public disclosures as required by law and the bank's public disclosure policy.

Also Investors Relations Unit founded in the Bank, sustains the relations international and domestic investors and analysts.

The name of the people employed in this unit and their contact are presented below.

Name	Telephone	E-mail
Estel Gürdoğan- Financial Institutions and Investor Relations, Department Head	(90 212) 334 5124	gurdogane@tskb.com.tr
Ayşe Nazlıca- Budgeting and Planning, Department Head	(90 212) 334 5194	nazlicaa@tskb.com.tr

3. Shareholders' exercise of their right to obtain information

No written requests for information were received from shareholders during the reporting period.

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All of the verbal requests for information received from shareholders during the reporting period were responded to.

During 2009, the Bank's authorized representatives engaged in 47 domestic informative meetings with the investment funds and analysts. 2 of these meetings were teleconference meetings, 17 of them were held at the headquarters of TSKB and the rest were held during 3 road-show/conferences.

The infrastructure needed to monitor data pertaining to requests for information has been completed. The specific numbers of requests and responses will be included in future compliance reports.

Shareholders' requests for all information except that which has not been publicly disclosed or is confidential and/or in the nature of a trade secret are responded to. Requests for information received from shareholders are evaluated by employees who are at least departmental managers and every effort is made to respond to them, within the limits of trade secrecy and confidentiality, as quickly as possible and in such a way as to reflect the whole truth.

Announcements concerning issues that shareholders are frequently in need of and information about developments that might affect shareholders' exercise of their rights are published on the bank's corporate website (www.tskb.com.tr).

As a requirement of law, minority shareholding interests do not have the right to demand that a General Assembly appoint a special auditor to examine specific concrete issues.

No request for the appointment of a special auditor was made by shareholders at any General Assembly in 2009.

A request to have a special auditor appointed is not an individual right provided for under the bank's articles of association.

In view of the fact that the appointment of a special auditor at the demand of a General Assembly is a requirement of law and that a demand to appoint a special auditor is one of the exceptions to the principle of being bound by a General Assembly agenda and furthermore in view of the practical concerns involved in protecting the confidentiality of information which is in the nature of a trade secret or which has not yet been publicly disclosed, the inclusion of an individual right to demand the appointment of a special auditor in the articles of association is an issue to which consideration will be given in light of future developments.

It is believed that all the information necessary for shareholders to satisfactorily exercise their rights is made available to them through the corporate website, annual reports, and special circumstance announcements as well as by responding to individual requests.

Shareholders' requests for information about the legal and/or commercial relationships between the bank and private individuals and/or corporate entities that have a direct or indirect interest in the bank's capital, management, or audit are responded to within the framework of the bank's public disclosure policy.

For the purpose of increasing the ability of shareholders to have access to information, all information that may affect the exercise of their shareholder rights is provided in an electronic environment and in a timely manner.

4. Information about General Assembly

One annual Ordinary General Assembly for 2008, was held during 2009. It took place on 25 March 2009.

Shareholders controlling TRY 332,713,098 worth of shares corresponding to 66.54% of the bank's paid-in capital of TRY 500 million attended this meeting.

No one other than shareholders and employees took part in the meeting.

Announcements concerning the meeting and specifying its place, date, time, agenda, and specimen proxy statement were published three weeks before the meeting date in the Türkiye Ticaret Sicili Gazetesi, the newspaper named Referans, and in the ISE's bulletin.

Invitations for the General Assembly were sent out via e-mail three weeks before the General Assembly in Turkish and English to those national and international investors who have invested in the bank's shares and was also published in the Bank's Turkish and English web sites.

An invitation was sent to a representative of the independent auditors and the senior auditor attended to the meeting.

Information about the meeting was also sent out within the same time frame by fax and registered mail return receipt requested to holders of registered shares.

All shareholders are also able to access directly information about General Assembly in both English and Turkish on the Bank's corporate website at www.tskb.com.tr.

Entries in the shareholders' register are made by Board of Directors resolution. No period of time is stipulated during which such entries must be made in order to ensure that registered shareholders are able to attend General Assemblies. On the other hand, the share blockage letter is required from

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Central Registry Agency in accordance with Capital Markets Board declarations. If this letter is not available, there is no right to vote in the General Assembly.

As of the date on which the announcement of the invitation to a General Assembly is made, copies of the annual report, financial statements and reports, dividend payment proposal, the agenda, other documents pertaining to the items on the agenda, the current text of the articles of association, and if the articles of association are to be amended, the texts and justifications of the amendments are all made available for the inspection of shareholders at the bank's headquarters.

Since 2005, such information and documents have also been accessible on the corporate website at www.tskb.com.tr.

During the Ordinary General Assembly held in 2009, the shareholders exercised their recognized right to ask questions and their questions were duly responded to.

By unanimous votes of the shareholders who were present at the meeting passed motions to:

- Form the presiding committee, and authorize the presiding committee to sign the meeting's resolutions on their behalf
- Approve the selections of new directors to fill the vacancies resulting from the resignation of members during the year.
- Acquaintance of Members of Board of Directors and statutory auditors,
- Elect the statutory auditors
- Determine the payments to be made to the members of the Board of Directors and the statutory auditors,
- Give permission to Board of Directors about the procedures appearing on the 334th and 335th Articles of Turkish Commercial Law.

The following motions are accepted by majority votes ;

- Read and deliberate the Board of Directors' report, the Annual report, and the statutory and independent auditors' report concerning the Bank's 2008 financial accounts and transactions
- Review and approval of the balance sheet and profit and loss statement of the Bank for the year 2008
- The determination and apportionment of profit distribution and the dividend distribution date
- Election of the members of the Board of Directors

The Information was given regarding the donations on the financial year.

According to the bank's articles of association, the Board of Directors is authorized to make decisions involving:

- Allocations of credit above a specified limit
- The acquisition of equity stakes and the establishment of partnerships and the disposition thereof
- Matters of a highly important nature such as the management, acquisition, rental, or sale of real estate properties.

The bank's articles of association contain no provisions requiring that decisions of a highly important nature such as demergers or share swaps that cause substantial changes in the bank's capital, management structure, or property assets or buying, selling, leasing, renting, or contributing substantial amounts of tangible/non-tangible assets or providing guarantees such as surety, mortgages, etc on behalf of outside parties be taken at a general meeting.

The absence of such provisions in the articles of association is thought to be justified on the grounds that their inclusion would give rise to consequences that would not be in the best interests of the bank or its stakeholders because they would:

- Reduce the effectiveness of management and
- Seriously hamper the bank's competitive strength and cause important opportunities to be missed.

Maximum attention is given to strictly complying with at least the minimum requirements of law so as to facilitate participation in general meetings. It is thought that bank's shareholders encounter no difficulties in participating in general meetings and to date no feedback on this issue has ever been received from a shareholder.

Copies of the resolutions of the General Assembly are handed out to attending shareholders when the meeting is over and also, since 2005, they have been made available in electronic format by publishing them up on the bank's corporate website (www.tskb.com.tr) in order to inform shareholders who do not attend the meeting.

In General Assembly announcements the following items should be clearly stated:

- The date and time
- The location so as not to leave any doubts
- The agenda
- Pertinent information about the items on the agenda
- If the agenda includes amendments to the articles of association, the old and new texts of the amended articles that have been approved by authorities
- Who is summoning the meeting

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- If another general meeting is being called because a previous one was postponed for any reason, the reason for the postponement and the quorum that will be required at the new meeting
- If the announcement is for an annual meeting, where the annual report, financial statements, and other meeting-related documents are available for examination.

Before a General Assembly is held, information about changes in senior management or organizational activities that took place in the previous fiscal year or are planned in future ones, information about such changes together with their justifications will be provided to shareholders.

At such meetings, the following information and documents will be made available for the examination of shareholders:

- Explanations concerning changes in the bank's organizational structure and their justifications
- If one exists, a consultancy's report on the matter; otherwise a report on the subject prepared by the bank itself
- If organizational changes are to be made in subsidiaries or affiliates, the annual reports, financial statements, and pro forma balance sheets for the three most recent fiscal years of all the companies affected by the organizational changes.

When preparing general meeting agendas, care is given to presenting each item to be voted on under a separate heading; to make the headings as clear and explicit as possible so as not to be interpreted in any other way; and to refrain from including such legally prohibited items as "Other" or "Miscellaneous".

Specimen proxy statements for shareholders that wish to have themselves represented at meetings are published along with meeting announcements and are also made available for the information of shareholders in electronic format.

The principles and procedures that govern voting at the bank's general meetings are presented below in main outline.

- Each share of stock with a par value of 1 Kurush is entitled to one vote. There are no special voting rights.
- If a share of stock has more than one owner, only one of those owners may cast the share's vote on behalf of them all.
- Shareholders may participate in general meetings personally or may have themselves represented by a proxy.
- Voting at general meetings is by an open show of hands. Recourse may be had to secret ballot upon the demand of shareholders representing at least one-tenth of the capital present and voting.

The principles and procedures that govern voting at general meetings are also read out at the beginning of the meeting.

Issues that shareholders have told the Shareholder Relations Unit they wish to have included on meeting agendas are given consideration by the Board of Directors to the degree possible when it prepares a meeting's agenda.

As required both by law and by the bank's articles of association, annual general meetings are held as soon as possible and within three months after the close of a fiscal year.

Annual General Assemblies are held as soon as possible after the end of the fiscal year but on no account more than three months later.

As required by the bank's articles of association, annual general meetings are held in the same locality as the bank's headquarters and in such a way as to make it possible for all shareholders to attend.

At the start of the meeting and for the information of all shareholders, the total number of votes that may be exercised at a general meeting are classified on the basis of shareholders and indicated in the attendance roster along with a statement that there are no special voting rights.

News and analyses pertaining to disputed issues appearing in the media concerning the bank are presented for the information of shareholders at general meetings.

Questions that shareholders ask to the members of the Board of Directors or to the statutory auditors are responded to, provided that the answers are pertinent to the exercise of shareholder rights and do not fall within the scope of trade secrets.

The president of a General Assembly conducts the meeting effectively and in such a way as to ensure that shareholders are able to exercise their rights.

Care is given to responding directly to every question raised by shareholders at a General Assembly during the meeting. Every effort is made to provide a written response within one week's time at the latest in situations where a question raised by a shareholder at a General Assembly which cannot be addressed directly, which is unrelated to the agenda, or which is too complex to be answered immediately.

The members of the Board of Directors, the bank officers responsible for preparing the financial statements, and the statutory auditors as well as other involved parties take pains to be present at general meetings in order to provide information about issues of a special nature that are on the agenda.

Each item on the agenda of a General Assembly is voted on individually. To forestall any doubts about the results of voting, votes are counted and the results of the voting are announced to all shareholders before the meeting is adjourned.

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The resolutions of General Assemblies are always available in printed format and are also accessible in electronic format on the corporate website (www.tskb.com.tr).

5. Voting rights and minority rights

According to the bank's articles of association, each share of stock with a nominal value of 1 Kurush is entitled to one vote. There are no shares that have special voting rights.

As required by banking legislation and by the provisions of the Turkish Commercial Code, the members of the Board of Directors and the statutory auditors are elected by shareholders convened in a General Assembly.

As required by the bank's articles of association, one member of the Board of Directors is chosen from among candidates designated by the Central Bank of the Republic of Turkey.

As required by law, the general manager is a member of the Board of Directors as of right.

Vakıfbank, which controls an 8.38% stake in the bank's capital, has one seat on the Board of Directors.

The articles of association contains no provisions governing the cumulative voting method.

There is no upper limit on the number of votes a shareholder may cast at a General Assembly.

Voting rights are acquired the moment the shares on which they are contingent are acquired. There are no rules stipulating that voting rights may be exercised only after a specific period of time has passed after shares have been acquired.

The articles of association contains no provisions preventing non-shareholders to act as proxies for the shareholders.

The shareholders may exercise their voting rights personally at General Assemblies and may also do so through any other party irrespective of the shareholder status of that party.

A non-corporate shareholder may only be represented by a single proxy at General Assemblies. If a corporate shareholder is represented by more than one individual at a meeting, only one of them may cast votes. The proxy statement must identify the individual who is authorized to cast votes.

6. Dividend payment policy and timing

The dividend payment proposals that the Board of Directors submits to the General Assembly of shareholders are prepared according to a policy that:

- Avoids upsetting the delicate balance between shareholders' expectations and bank's need to grow
- Takes the bank's profitability into account.

The Bank's dividend payment policy is approved by the Board of Directors on 13 March 2006 and published on the Bank's Turkish and English websites. The bank's dividend payment policy is to pay out 30% of distributable profit as a dividend provided that there are no adversities in global and/or national economic conditions and the bank's own financial position and the capital adequacy ratio are at expected levels.

The principles concerning the distribution of the bank's profits are governed by article 55 of the articles of association.

There exist 100 founders' shares that receive a portion of the profits distributed within the framework of the principles.

Dividends are paid within the legally prescribed periods of time.

Care is given to paying dividends as quickly as possible but in no case later than the end of the 5th month of the year as prescribed by law. If the Board of Directors' profit distribution proposal is accepted by the General Assembly, 2008 dividends will be distributed in the form of free shares of stock.

The articles of association contains no provisions governing the payment of advances on dividends.

There are no significant donations or grants in aid that the bank made during the year or had planned to make as of year-end. As required by the "Regulations concerning the donations and grants in aid that may be made by banks and organizations subject to consolidated audit with them" that went into effect on 1 November 2006, the bank does not make political contributions.

7. Transfer of shares

The articles of association contains no provisions restricting the transfer of shares.

All shareholders, including minority shareholding interests and foreign nationals, are treated equally.

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8. Company information policy

The bank's Information Policy has been formulated and approved by the Board of Directors. It was publicly announced on 16 March 2006. The Policy is updated on September 30, 2009 and approved by the Board of Directors. The policy is published in both Turkish and English on the bank's website. The updated information policy is going to be presented to the Ordinary General Assembly which will be held on March 25, 2010.

Any changes that may be made in the Information Policy are publicly announced, together with their justifications, after being approved by the Board of Directors.

9. Disclosure announcements

The bank announced 26 public disclosures between January 1 – December 31 2009, as required by Capital Markets Board regulations.

There were no special disclosure announcements that were not made in due time or for which either CMB or ISE demanded additional information.

The shareholder relations unit is responsible for overseeing and following up on all issues related to public disclosure. The Investors, financial analysts, media representatives, etc who are in need of information about the bank are directed to the Investor Relations Unit.

In addition

- in line with the principle of transparency and in keeping with the accounting principles to which the bank adheres and with the truthful reporting of financial results, the public is continuously kept informed and up to date on:
- Developments that might have an impact on the value of the banks' capital market vehicles, without delay and within the periods of time prescribed by law
- In situations in which a significant change takes place in the bank's financial standing and/or its activities or in which such a change is expected in the near future, all essential information is provided subject to the reservations made by laws and regulations
- Any changes or developments subsequently emerging with respect to public announcements that the bank has already made.

10. The company's corporate website and its content

The bank makes active and intensive use of its corporate website for public disclosures and announcements. This website contains all the information and data required by corporate governance principles and by regulatory authorities on a historical basis and in both Turkish and English. The website also contains announcements about General Assemblies that are to be held, the items on their agendas, reporting documents pertaining to agenda items, other information, documents, and reports related to agenda items, and information about how to participate in General Assemblies. The corporate website is kept up to date on a continuous basis.

In bank's corporate website address is www.tskb.com.tr. This address is included in the bank's letterhead stationery.

11. Disclosure of ultimate non-corporate controlling shareholder(s)

There are no ultimate non-corporate controlling shareholders in the bank.

The bank's current shareholder structure is shown below.

Name	Nominal Value (TRY 1,000)	Percentage (%)
T.İŞ BANKASI A.Ş.	243,104	40.52%
CAMIŞ YATIRIM HOLDİNG A.Ş.	34,779	5.80%
MİLLİ REASÜRANS TÜRK A.Ş.	7,225	1.20%
ANADOLU HAYAT EMEKLİLİK A.Ş.	5,478	0.91%
ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ A.Ş.	5,349	0.89%
T. İŞ BANKASI MENS. MUN. SOS. GÜV. VE YAR. SAN. VAKFI	4,785	0.80%
T.İŞ BANKASI GROUP TOTAL	300,720	50.12%
TÜRKİYE VAKIFLAR BANKASI T.A.O.	50,265	8.38%
İSTANBUL TİCARET ODASI	3,096	0.52%
İSTANBUL TİCARET BORSASI	1,253	0.21%
İSTANBUL SANAYİ ODASI	718	0.12%
OTHER SHAREHOLDERS	59,108	9.84%
FREE FLOAT	184,840	30.81%
GRAND TOTAL	600,000	100.00%

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12. Public disclosures of those who may have access to insider information

The Bank's "those who may have access to insider information list" is formed on April 30, 2009 according to the CMB's Serial: IIV No: 54 Principles about Public Disclosures regarding disclosure announcements notice. In addition to the Chairman and members of the Board of Directors, the people listed below are also named in the list because of their positions within the bank ;

Employed by	Name	Position
T.İŞ BANKASI A.Ş.	Zeynep Hansu Uçar	Statutory Auditor
T.İŞ BANKASI A.Ş.	Mete Uluyurt	Statutory Auditor
TSKB A.Ş.	Ahmet Orhan Beşkök	Executive Vice President
TSKB A.Ş.	Ahmet Şemseddin Arat	Executive Vice President
TSKB A.Ş.	Burak Akgüç	Executive Vice President
TSKB A.Ş.	Şeniz Yarcın	Executive Vice President
TSKB A.Ş.	Ömer Eryılmaz	Executive Vice President
TSKB A.Ş.	Çiğdem İçel	Executive Vice President
TSKB A.Ş.	Ufuk Bala Yücel	Executive Vice President
TSKB A.Ş.	Ahmet Akın Süel	General Secretary
TSKB A.Ş.	Ece Börü	Head of Audit Committee
TSKB A.Ş.	Ayşe Nazlıca	Budgeting and Planning Department Head
TSKB A.Ş.	Mustafa Göktaş	Financial Control Department Head
TSKB A.Ş.	Gündüz Fındıkçioğlu	Research Department Head
TSKB A.Ş.	Estel Gürdoğan	Financial Institutions and Investor Relations Department Head
DRT Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.	Niyazi Çömez	Senior Partner-Tax Audit
DRT Bağımsız Denetim ve Ser.Muh.Mali.Müş.A.Ş.	Sibel Türker	Partner-Audit
DRT Bağımsız Denetim ve Ser.Muh.Mali.Müş.A.Ş.	Aylin Beydemir	Manager-Audit
DRT Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.	Çiğdem Soysal Galatalı	Manager-Audit

The personel declares that they acknowledge the liabilities depicted in the Capital Markets Law and Capital Markets Legislation in relation to insider information of the Bank and that they acknowledge the sanctions regarding the abuse and improper disclosure of such information in breach of law and legislation.

13. Keeping stakeholders informed

Care is given to keeping stakeholders—those who have an interest in the bank and include shareholders, employees, creditors, customers, suppliers, non-governmental organizations, the government, and potential investors—informed on issues concerning the bank that are of interest to them as much as possible in writing. Insofar as is possible, the bank's relationships with stakeholders are governed by written agreements.

In situations where the rights of stakeholders are not governed by law or contract, the bank safeguards them within the framework of the rules of good faith, to the degree possible, and mindful of the bank's own reputation.

14. Stakeholder participation in management

The articles of association contains no provisions governing stakeholder participation in the bank's management.

An "employee satisfaction survey" is conducted twice a year to solicit bank employees' views. The results of these surveys are evaluated by management, are announced to employees, and are taken into account when formulating policies.

"General assessment" meetings are held four times a year in order to inform employees about the bank's activities and progress in general and to solicit their suggestions. At such meetings the bank's financial structure and performance are also assessed together with employees.

15. Human resources policy

The principles of the human resources policy adopted by the bank are set out below.

Job descriptions, assignments, and performance criteria are determined by management and announced to employees.

When hiring, it is a principle that individuals are to be given equal opportunity under identical conditions. Hiring criteria are set forth in writing for each job position and are strictly complied with in practice.

When making training, assignment, and promotion decisions, particular care is given so as to make use of objective criteria and to protect the bank's best interests.

Training plans are developed and implemented so as to enable employees to improve their professional knowledge and skills, as well as plans improving their personal and administrative competence which are appropriate for their career plans.

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Employees are provided with a secure work environment and safe working conditions. Work is currently in progress to further improve these conditions in line with social and technological requirements.

Employees are kept informed about all bank decisions and developments that may be of concern to them and feedback is solicited from them on such issues.

Measures are taken to prevent discrimination among employees on the basis of race, religion, language, or sex; to ensure respect for human rights; and to protect employees against physical, mental, or emotional abuse in the workplace.

It is not a practice of the bank to appoint a representative to conduct relations with employees.

The human resources policy is also publicly disclosed on the corporate website.

16. Information about relations with customers and suppliers

The bank is mindful of the continuity of service quality and of standards in all aspects of its products and services.

Customers' wishes are quickly satisfied at every stage and customers are kept informed whenever delays may occur.

Care is given to protecting the integrity of customers' and suppliers' confidential information.

17. Social responsibility

The bank has been mindful of public interests and social responsibility in the conduct of its activities since the day it was founded. Environmental awareness and sensitivity for environmental issues among its business principles is progressively continuing.

Since its foundation, TSKB has always been considering the public benefit and social responsibility in all its activities. Environmental consciousness and sensibility in environmental subjects keep its continuing importance among its business principles.

In this context, TSKB regards sustainable development as a fundamental aspect of development & investment banking activities and aims to minimize the potential environmental risks attached to its banking activities. In order to reflect environmental responsibility and environmental sensitivity to business activities, The Environment Management System Project has been started at 2005, which has been completed at 2006 and after that at the beginning of 2007, TSKB has become the first and only Bank with Turkish capital to receive the DIN EN 14001:2004 Environmental Management System Standard Certificate in Turkey according to the audit performed by "TUV Rheinland International Standards Certification and Auditing Corporation". As of June 1, 2006, TSKB's Environment Policy has been approved by the board of directors. The environmental sensibility of TSKB has been defined in its Environment Policy as follows:

- Minimization of the environmental impacts with respect to the TSKB activities;
- Definition of environmental standards for our internal processes;
- Regular review of our environmental objectives and targets;
- Promotion of investments in environmental protection;
- Identification and consideration of environmental risks in financing decisions;
- Information of our employees as well as the public;
- Compliance with all related domestic and international legal requirements,
- Contribution to the improvements provide future generations a liveable environment.

ISO 14001 is a series of voluntary international standards for environmental practices into all aspects of its operations either production or services sectors. It provides standard to minimize or eliminate systematically all the environmental impacts due to the business activities. Within the scope of the EMS and ISO 14001 that have been completed, TSKB analysed all environmental effects resulting from its activities and set forth its environmental policy, environmental objectives, targets and programs addressing the control and reduction of such effects.

By this point of view; as of February 2008, Mrs. Hulya Kurt is assigned as TSKB Environmental Management System Representative*, who directly reports the environmental performance to the CEO of TSKB and responsible for coordination of Environmental Management System Studies. TSKB has published the first Sustainability Report in Turkey's banking sector, in January 2010 .

As TSKB, in 2007, we initiated a social responsibility project to increase environmental awareness in the society within the scope of "Environment: Our Priority". Under the scope of this project TSKB aims at establishing an information platform that would be supported by wide participation of various segments in society. Launched in 2007 as the communication channel of the project, www.cevreciyiz.com became the most comprehensive environmental portal of Turkey. At the same date English version of the portal was also launched, in order to communicate the project to the foreign stakeholders of the bank. With a renewed graphic design, the portal covers a wide range of subjects including environment news; the environmental agenda of Turkey and the world; research reports, articles and papers by academics, NGOs, and professionals concerned about the issue; special features on environment; interactive tools such as contests, questionnaires and carbon-meters; environment regulations; corporate requirements for compliance with regulations as well as individual and corporate success stories. In addition to online photography exhibitions of famous nature photographers, photo documentaries about special protection areas and beautiful natural sights.

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Since the launch of the project in May 2,2007 several events were organized like; Sculpture Contest with environment subject held in common with Mimar Sinan Güzel Sanatlar Akademisi,A Day in Nature which was organized at the Fenerbahçe Park,With the aim of supporting different platforms on environmental issues, TSKB became the main sponsor of 7th Akasya National Youth Environment Summit. The summit focused on “energy”, and discussed the relationship between energy and environment.

TSKB also sponsored an educational CD on environmental issues which is prepared and distributed by TEMA (The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats).

On October 24, 2008, Republic of Turkey Prime Ministry Undersecretariat of Treasury and TSKB organized a conference on “Opportunities and Expectations in Renewable Energy” at Hyatt Regency Hotel, Istanbul. Throughout the conference, all aspects of renewable energy have been extensively discussed among the panelists.

Apart from these in 2008 TSKB’s senior specialists attended a respectable amount of events and conferences in order to share experience on renewable energy and environmental investment projects as well as TSKB’s social responsibility practices.

In the years ahead, TSKB will continue with similar projects to improve the level of knowledge and awareness of the people on the subject of environment.

The bank is a regular sponsor of concerts in the Istanbul Music Festival that is organized every year by the Istanbul Foundation for Culture and the Arts.

The bank’s library, which is regarded as one of the most important privately-owned research and documentation centers in Istanbul,is open to anyone wishing to do research as well as to the bank’s own personnel.

(*) Defined in TSKB Organisation Chart.

18. Structure and formation of the Board of Directors; non-executive directors

With the exception of the general manager, the Board of Directors consists entirely of non-executive directors.

The positions of general manager and board chairman are held by different people.

As the bank has no ultimate non-corporate controlling shareholders, it is thought that all the members of the Board of Directors are naturally able to act with complete independence and have the advantage of acting impartially in their decisions by holding the interests of the bank and its stakeholders above everything else.

Türkiye Sınai Kalkınma Bankası A.Ş.

Corporate Governance Principles Compliance Report

Information about the members of the Board of Directors and general manager is presented below.

Name	Title	Educational background	Work Experience	Date Appointed	Company employed by and position
H. Ersin Özince	Chairman of the Board of Directors	Middle East Technical University / Economics and Administrative Sciences	33 years	25.03.2009	T.İş Bankası A.Ş. Chief Executive Officer
Kadir Akgöz	Vice Chairman of the Board of Directors	Middle East Technical University / Chemical Engineering	30 years	17.03.2006	T.İş Bankası A.Ş. Deputy Chief Executive
Yavuz Canevi	Board Member	University of Southern California	29 years	29.03.1993	T.İş Bankası A.Ş. Chairman of the Board of Directors
Süleyman Kalkan	Board Member	Ankara University/ Faculty of Political Science International Relations	26 years	25.03.2009	T.İş Bankası A.Ş. Executive -Balmumcu Branch
Remzi Altınok	Board Member	İstanbul University / Faculty of Political Science	18 years	13.08.2008	T.Vakıflar Bankası T.A.O. President- Commercial Credit Board
Burhanettin Kantar	Board Member	Middle East Technical University / Public Administration	20 years	23.03.2005	T.İş Bankası A.Ş. Manager - Participations Dept.
Kemal Serdar Dışlı	Board Member	Hacettepe University/ Public Administration	20 years	28.05.2007	T.İş Bankası A.Ş. Executive -Maslak Corporate Banking Branch
Murat Bilgiç	Board Member	University of Birmingham	18 years	23.03.2005	T.İş Bankası A.Ş. Manager -Corporate Loans Department
M.Baran Tuncer	Board Member	Ankara University / Faculty of Political Science	29 years	12.06.2008	Retired
Memduh Aslan Akçay	Board Member	University of Illinois at Urbana Champaign Ankara University / Faculty of Political Science-Economics	18 years	10.05.2007	The Foreign Economical Affairs Department at Treasury
Halil Eroğlu	Board Member,CEO	Ankara University/ Faculty of Political Science	32 years	22.03.2002	Undersecretariat -General Manager TSKB A.Ş. – CEO
Mete Uluyurt	Statutory Auditor	Bilkent University /Faculty of Economics	13 years	25.03.2008	T.İş Bankası A.Ş. Unit Manager - Strategy and Corporate Performance Management Department
Zeynep Hansu Uçar	Statutory Auditor	Middle East Technical University / Business Administration	15 years	31.10.2007	T.İş Bankası A.Ş. Unit Manager- Participations Department

In the fulfillment of its decision-making functions, the Board of Directors' fundamental concerns are to:

- Maximize the bank's market value
- Ensure that the banks' activities are conducted in such a way as to secure long-term, stable gains for its shareholders
- Maintain the delicate balance between shareholders' expectations and the bank's need to grow

When choosing new members to fill vacancies on the board, attention is given to the following matters.

- Candidates are required to be present at General Assemblies at which board elections are to be held.
- Shareholders are provided with complete information about candidates.
- Shareholders have the right to put questions to candidates
- Candidates are required to inform shareholders about what, if any, seats they hold on the boards of other companies and state whether or not they will comply with bank regulations about such matters.

Attention is given to the conduct of regular board meetings, which are held at least once a month.

Because they are the representatives of corporate shareholders, the law does not require the members of the Board of Directors to be shareholders in the bank themselves.

For the same reason, the usual requirement of directors to entrust shares of stock to the bank as guarantees are fulfilled by the corporate entities that board members represent.

The stocks in the bank owned by the Board of Directors are symbolic.

The articles of association contains no provisions governing the use of the cumulative voting system in the election of members of the Board of Directors.

19. Qualifications of members of the Board of Directors

Because their qualifications are stipulated by law, the bank's articles of association contains no other provisions governing the minimum qualifications required to be elected to a seat on the board.

Türkiye Sınai Kalkınma Bankası A.Ş.

Corporate Governance Principles Compliance Report

By law, the general managers of banks must have at least four years of university education in one or more of the disciplines of law, economics, business administration, public finance, public administration, or the equivalent of these or in the engineering branches of those disciplines and must have and at least ten years of professional experience in banking or business administration. More than half of the members of the board must have the same qualifications save for that of length of professional experience.

All of the members of the Bank's Board of Directors have at least the following qualifications:

- A satisfactory level of knowledge and experience in banking and/or finance
- Financial statement and report reading and analysis skills
- Basic knowledge about the legal framework governing the bank and about the conditions of its market
- The willingness and ability to regularly take part in board meetings during their elected term of office.

The Board of Directors consists of eleven members and this number makes it possible for the board's activities to be organized effectively.

A newly-elected member of the board takes part in an orientation program that includes:

- Becoming acquainted with bank managers and visiting bank units
- Reviewing bank managers' backgrounds and performance evaluations
- Being familiarized with the bank's strategic goals, current standing, and problems
- Examining the bank's market share, financial structure, and performance indicators.

While there are no specific rules concerning board members' undertaking other duties outside the bank, no member has any duties other than the ones naturally incumbent upon them in the corporate entities they represent and in the organizations belonging to the corporate entities they represent.

20. Mission, vision, and strategic goals of the company

The Bank's

• Vision:

To be the pioneering bank in Turkey's sustainable development

• Mission:

For Turkey's sustainable development:

Provision of mid to long term financing for entrepreneurs,

- Supporting foreign capital investments in Turkey as the best local business partner,
- Playing a significant and continuous role in the development of Turkey's capital markets,
- Providing our customers with tailor made and innovative financial solutions and mediation services,
- Creating increasing value added to our employees, shareholders and all other stakeholders,
- Playing a pioneering role in sustainable banking with an environment-friendly approach in the execution of all banking activities.

The bank's vision and mission are publicly disclosed on the corporate website (www.tskb.com.tr).

Strategic objectives are determined by management taking into account competitive conditions, the overall economic situation, general expectations in national and international financial markets, and the bank's medium and long-term objectives and they are presented to the Board of Directors for its approval.

These strategies and objectives are debated thoroughly and comprehensively by the board.

Performance with respect to approved strategies and objectives is regularly reviewed at monthly board meetings at which the bank's activities, financial structure, and related issues are reviewed and assessed.

In order to effectively and continuously carry out its supervision and control functions, the Board of Directors in principle meets every month.

At such meetings, consideration is given to the bank's activities, the degree to which the approved annual budget and business targets are being achieved, the position of the bank in its sector, its financial structure and performance standing, and the compliance of its reporting and activities with international standards.

21. Risk management and internal control mechanisms

A risk catalogue has been prepared that defines the potential risks to which the bank may be exposed. This catalogue has been approved by the Board of Directors and is now in force.

Risk policies that were formulated for the risk categories which are included in this catalogue and which are of the highest importance from the standpoint of the bank's activities have been approved by the Board of Directors and are now in force.

Türkiye Sınai Kalkınma Bankası A.Ş.

Corporate Governance Principles Compliance Report

Under the heading of processes concerning the measurement, assessment, and management of the bank's risks, a structure that reports to the Board of Directors has been created to ensure that risk management and internal control activities are conducted in an organized way and within the framework of the risk catalogue that has been prepared.

An "Audit Committee" has been set up within the Board of Directors to assist the board in the performance of its audit and oversight functions. This committee carries out its activities subject to the board through the Board of Inspectors (internal audit), Risk Management Unit, and Internal Control Unit. The Audit Committee is responsible for ensuring on the Board of Directors' behalf, the effectiveness and adequacy of the units referred to as "internal control systems".

The duties and responsibilities of the Board of Inspectors, Internal Control Center, and Risk Management Department are all in compliance with the requirements of existing laws and regulations and they are governed by internal regulations that have been approved by the bank's Board of Directors.

22. Authorities and responsibilities of members of the Board of Directors and of executives

The authorities of the Board of Directors are set forth in the bank's articles of association, according to which the board is responsible, among other things, for:

- Ensuring that all the transactions made necessary by the matters making up the bank's principal business activities are carried out and making such decisions to that end as are necessary
- Identifying general rules concerning internal regulations and bank policies in line with the bank's objectives and identifying those who exercise power of signature over the bank
- Determining what bank transactions are to be performed by the general manager and which ones will require a board decision
- Making credit allocations that are above a specified limit
- Acquiring equity stakes, entering into partnerships, and disposing thereof
- Managing, acquiring, renting, and selling real estate properties.

The Board of Directors exercises its authorities fully cognizant of all information needed to fulfill its duties, prudently, and within the framework of the rules of good faith.

As stipulated in the articles of association, the general manager is responsible for the day-to-day conduct of the bank's business within the framework of the principles and limits set by the Board of Directors.

Authorities concerning the conduct of the bank's business are delegated to executive organs within the framework of the bank's published powers of signature.

The sanctions that are to be imposed in the event of illegal or irregular acts on the part of employees are set forth in the personnel regulations approved and put into effect by the board.

The members of the board devote a sufficient amount of their time to the bank's business.

The board has taken necessary precautions to ensure that information about the bank that is not to be publicly disclosed or is in the nature of trade secrets is not divulged outside the bank.

Periodic financial statements and the bank's annual report are published with the board's approval.

Outside its basic functions, the Board of Directors also takes the opinions and recommendations of executive organs and committees into account in the fulfillment of its responsibilities such as:

- Approving the bank's annual budget and business plans
- Having the bank's annual report prepared and finalizing it for presentation to the General Meeting
- Ensuring that General Assemblies are held in accordance with the requirements of law and the bank's articles of association
- Carrying out the decisions made at General Assemblies
- Checking significant expenditures that amount to more than 10% of the bank's most recent balance sheet
- Approving manager career plans and incentive programs
- Determining policies related to shareholders, stakeholders, and public relations
- Determining the bank's public disclosure policy
- Determining bank and employee rules of ethics
- Determining the working principles of committees and ensuring that committees are effective and productive in their work
- Taking measures to ensure that the bank's organizational structure is able to respond to current needs
- Examining the activities of predecessor boards of directors.

In addition the Board of Directors also has ultimate responsibility for the creation of the internal audit, internal control, and risk management systems—the "internal control systems" required by the Banking Regulation and Supervision Agency's "Regulations concerning the internal systems of banks"; for their effective, adequate, and proper operation; for the protection of the information provided by the accounting and financial reporting system; and for the determination of authorities and responsibilities throughout the bank.

Türkiye Sınai Kalkınma Bankası A.Ş.

Corporate Governance Principles Compliance Report

23. Operating principles of the Board of Directors

A draft of the agenda for a board meeting is prepared by the general manager and finalized in line with the suggestions of the chairman and other directors.

The Board of Directors convened 43 times between January 1, 2009 and December 31, 2009.

Special care is given to setting meeting dates that will allow all board members to attend. Meetings are regularly held with all members in attendance, except in unforeseen exceptional cases.

Notifications concerning board meetings are sent out first by telephone and are then followed up in writing.

A secretariat has been set up that is responsible for keeping the members of the Board of Directors and the statutory auditors informed and for communicating with them.

Dissenting votes at BOD meetings and the justifications for them are entered into the meeting's resolutions and the statutory auditors are notified of this situation as well. No member of the board cast a dissenting vote at any board meeting in 2009.

All members of the Board of Directors take particular care to be present at meetings dealing with important issues related to the bank's activities such as:

- Determining businesses that the bank is to engage in and approving business and financial plans
- Summoning ordinary and extraordinary General Assemblies and taking care of matters related to their organization
- Finalizing the annual report that is to be submitted at a General Assembly
- Electing the chairman and deputy chairman and appointing new members to the board
- Creating and winding up administrative units
- Appointing and dismissing general managers
- Setting up committees
- Approving mergers, demergers, and restructurings; selling more than 10% of the bank's non-current assets or undertaking investments amounting to more than 10% thereof; approving expenditures amounting to more than 10% of the bank's total assets
- Determining the bank's dividend payment policy and how much of current profit is to be paid out as a dividend
- Increasing or decreasing the bank's capitalization.

A board's first meeting is preferably held on the same day that the board is elected into office.

At this first meeting, the chairman and deputy chairman are elected, duty assignments are made, and committees are formed.

In principle, board members take part in all meetings.

The board meets regularly at least once a month as previously scheduled and occasionally as circumstances seem to warrant.

Information and documents pertaining to items on the board's agenda are normally sent out to members for them to examine at least seven days before the meeting date. In situations where this is not possible, every effort is made to ensure that all members are equally informed about the matters involved.

Each board member is entitled to a single vote. All members' votes carry equal weight and no member has a positive or negative veto power.

As stipulated in the articles of association, the board convenes with a simple majority of its membership and decisions are passed by a simple majority of those present.

24. Prohibition on doing business or competing with the company

Members of the Board of Directors engage in no activities which would be subject to any prohibition on doing business or competing with the bank and which would therefore require them to obtain the prior permission of the shareholders at a General Assembly.

25. Rules of ethics

The bank adopted the Code of Banking Ethics published by the Banks Association of Turkey under Board of Directors resolution dated 16 March 2006. The board has also adopted the new form of the code as revised by the Banks Association of Turkey on 26 July 2006. The complete authorized Turkish and English versions of Code of Banking Ethics are available on the TSKB corporate website.

The Members of the Board of Directors and the names of the people who may have access to insider information stated on the Article no:12 are announced and they have signed statements at the Board meeting regarding the following issues; not to comply with suppression resulting against in favor of the shareholders, not to accept monetary advantage and information about not disclosing the Bank's confidential and/or trade secret information.

Türkiye Sınai Kalkınma Bankası A.Ş.

Corporate Governance Principles Compliance Report

Trade secret mentioned above is made up of interior establishment structure and organization, monetary, financial, loan and cash situation, research and development, activity strategy, pricing policies, marketing tactics and expenditures, market shares, client potential and network, contract connection, documents, electronic recording and data that can be learned and obtained only by qualified individuals that are related to Bank's activity area and individuals who may have access to insider information. So called intelligence cannot be learned by rivals and third parties and not to be publicly disclosed and has a great significance for the Bank's success and efficiency.

26. Number, structure, and independence of committees established by the Board of Directors

Audit Committee

According to the Banking Law's 24th clause, the Audit Committee established by two members of Board of Directors whom do not have act of commission. Regulation about the assignment, authorization and liability of the Audit Committee, has been approved and inured.

The Committee has two members, who are member of board of directors without act of commission. It is chaired by Kemal Serdar Dişli and Murat Bilgiç.

Duties of Audit Committee are:

- establishing the internal audit and risk management systems in compliance with legal and internal regulations, ensuring that they function effectively and sufficiently,
 - Helping Board of Commission out with assessment of external auditors and monitoring the appointed auditor's activities on a regular basis,
 - Ensuring that the internal audit functions of subsidiaries on a consolidated basis are coordinated in line with regulations.
 - Reporting to the Board of Directors that the internal audit, risk management, internal control unit and the external auditors operate within the framework of the related regulations and informing the Board of any issues or incidents that could have an adverse impact on the continuity or soundness of the Bank's activities.
 - If necessary, gathering information and related documents from all units of the bank, support service contractors, and independent auditors; being subject to Board approval obtaining consultancy service.
 - Submitting the internal audit report which is prepared by responsible internal auditors to the Board of Directors.
- Between January 1 – December 31, 2009, Audit Committee held 9 meetings.

Executive Risk Committee

The Executive Risk Committee is responsible for preparing, getting approval from the Board of Directors and monitoring the execution of the risk management strategies and policies the Bank will follow. The Executive Risk Committee represents the Risk Management Group before the Board of Directors. The members of the Executive Risk Committee are Mr. Halil Eroğlu (CEO and Board Member), Mr. Murat Bilgiç (Board Member and Audit Committee Member) and Mr. Mehmet Sungun (Head of Risk Management).

Corporate Governance Committee

Corporate Governance Committee was formed and approved at the Board meeting on 30 September 2009, in order to accomplish the Board of Directors' activities according to the corporate governance principles announced by Capital Markets Board (CMB) in July 2003 and revised in 2005. Corporate Governance Committee is formed by 2 non-executive Members of the Board of Directors who have no executor duties. Mr. Mustafa Baran Tuncer and Mr. Süleyman Kalkan are the current member of Corporate Governance Committee

Mission, authorities and responsibilities and working manner and fundamentals are arranged by the Board of Directors as below;

- Corporate Governance Committee, in the name of the Board of Directors, determines if the corporate governance principles are put into practice, if not determines the reasons and conflict of interests resulting disobedience and propose reformative regulations to the Board of Directors.
- Coordinate the activities of the shareholders relations unit and in this content monitor the relations with shareholders and investors and fulfil their rights to obtain information. Creating a transparent environment when determining, evaluating and training the suitable members for the Board of Directors and working on deciding policies and strategies on this subject,
- Ensure the independency and efficiency of the Board of Directors, by following the domestic regulations supervising the conflict of interests between the Committee, the Members of the Board of Directors, Senior Management and other employees and bad usage of information about trade secret,
- Propose recommendations about public disclosure and presentations to be in accordance firstly to law and regulations and Bank's 'Information Policy' and active usage of Bank's website in public disclosures.
- Working collaboratively with the executives who are responsible with public disclosure declarations,
- Assimilation and implementation of Bank's rules of ethic and Corporate Governance Principles inside the Bank,
- Advise on mechanism, structure and efficiency of the Board of Directors and related committees,
- Advise on financial benefits provided to the Board of Directors with reasoning,
- Corporate Governance Committee meets minimum 4 times a year and at a request of a member with predetermined agenda if necessary.

The Committee has performed its first meeting in the headquarters of the Bank at October 5, 2009.

27. Financial benefits provided to the Board of Directors

Members of the Board of Directors receive no financial benefits other than the monthly honorarium that is paid to them.

The amount to be paid as an honorarium is determined in line with proposals put forward by shareholders at a General Assembly.

No member of the Board of Directors is or has ever been the direct or indirect recipient of any cash loan or non-cash credit extended by the bank.

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Türkiye Sınai Kalkınma Bankası A.Ş. 2009 Statutory Auditors' Report

TO THE GENERAL ASSEMBLY OF SHAREHOLDERS OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.:

Based upon our examination made in accordance with the Turkish Commercial Code, Banking Law-5411, Capital Market Law, general accounting standards, the articles of the Bank's Statutes and the necessary assessments made with the Bank's executives, it is declared that the Bank's balance sheet and profit/loss statement are in conformity with its accounting records.

The Board of Directors has prepared the dividend proposal according to the articles of the bank's statutes and the related legislations.

We would like to present to your approval the balance sheet and profit/loss statements as of 31/12/2009, which is presented by the Board of Directors.



Statutory Auditor
Zeynep Hansu Uçar



Statutory Auditor
Mete Uluyurt

01.03.2010

Türkiye Sınai Kalkınma Bankası A.Ş.

Profit Distribution Proposal

To the allocation and distribution of net profit of 2009 equivalent to 174,887,526.00 TL, in accordance with 55th article of our Statutes and the legislation as it is explained hereunder;

1. In accordance with the 1st subparagraph of paragraph (a) of 55th article of our Statutes, to the allocation of 8,744,376.30 TL which is 5% of the net profit as legal reserve fund;
2. In accordance with the 2nd subparagraph of paragraph (a) of 55th article of our Statutes, to the allocation of 8,744,376.30 TL which is 5% of the net profit as provision for loss, which may come into existence in the future;
3. In accordance with the paragraph (b) of 55th article of our Statutes, to the allocation of 60 Billion shares, paid-up and non-paid-up, with 1 Kuruş nominal value, (on account of 6%) to be 0.06 Kuruş to each of them, the total amount of 36,000,000.- TL as first profit share;
4. According to article 5-(1)/e of Corporate Tax Code, 2,795,107.50 TL will be classified into a specific account of Equity as "property sale income",
5. Out of the 118,603,665.90 TL, the remnant after the reduction of 1-4 articles above, in accordance with the paragraph (c) of 55th article of our Statutes,
 - a) To the distribution of gross amount of 1,976.73 TL, which is 5% of the aforementioned remainder (to be limited with the part of 200,000 of paid-in-capital), to the founder shares to be 19.76 TL to each founder share;
 - b) To the distribution of gross amount of 593,018.33 TL, which is the 0.5% of the aforementioned remainder, to the Members of Board of Directors;
 - c) To the distribution of gross amount of 3,558,109.98 TL, which is the 3% of the aforementioned remainder, to the employees in accordance with the Resolution of Board of Directors;
6. In accordance with the paragraph (d) of 55th article of our Statutes, to the allocation of 60 Billion shares, paid-up and non-paid-up, with 1 Kuruş nominal value, (on account of 13.17%) to be 0.132 Kuruş to each of them, the total amount of 79,000,000.- TL as second profit share
7. In accordance with 3rd subparagraph of 2nd paragraph of 466th article of Turkish Trade Code, to the allocation of 8,915,310.50 TL as statutory reserve fund,
8. To the allocation of 26,535,250.36 TL, the remainder, as extraordinary reserve fund;
9. To the distribution of 115,000,000.-TL, in full, which is the total of first and second profit shares stated in 3rd and 6th articles above, 30,000,000.- TL of 115,000,000.-TL is to be distributed to shareholders as cash dividend and remaining 85,000,000.-TL, as share to cover the amount of 85,000,000.-TL of 100,000,000.-TL which is raised due to the increase of our Bank Capital from 600,000,000.-TL to 700,000,000.-TL;
10. To the distribution of dividends of the year of 2009 equivalent to 85,000,000.- TL as bonus shares subsequent to the registration of the said shares by the Capital Market Board and the distribution of cash dividends equivalent to 30,000,000.-TL starting May 3rd, 2010 ; to recommend to the General assembly to entitle the Board of Directors for all procedures related to all issues projected above

To recommend to the General Assembly to entitle the Board of Directors for all procedures related to all issues projected above.

Board of Directors

Türkiye Sınai Kalkınma Bankası A.Ş.

Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems of Türkiye Sınai Kalkınma Bankası A.Ş. During the 2009 Reporting Year

General information about TSKB internal systems

As required by the provisions of the Banks Act (Statute 5411) and the Banking Regulation and Supervision Agency's "Regulations concerning the internal systems of banks", TSKB Board of Inspectors, Internal Control Center, and Risk Management Department all conduct their activities subject to the Audit Committee set up to assist the Board of Directors in the fulfillment of its audit and oversight responsibilities. Information concerning internal audit, internal control, and risk management activities are given to the Audit Committee through regular meetings. The duties and responsibilities of the Board of Inspectors, the Internal Control Center, and the Risk Management Group are in compliance with the requirements of existing laws, regulations, and administrative provisions and have been set out in internal regulations approved by the Board of Directors.

The fundamental principles of the Bank's risk management are: risk-focused auditing; the Board of Directors and senior managements active oversight ; setting proper and correct policies, limits and with well-arranged monitoring; independent, accurate, and timely measurement, assessment, and reporting of risks to those who have a need to know; and having effective internal control systems in place.

TSKB Board of Inspectors

The TSKB Board of Inspectors reports directly to the Board of Directors and is responsible for the conduct, through the Audit Committee, of all auditing functions concerning all TSKB activities. The board's audits, examinations, and inquiries are carried out at all of the bank's headquarters units, branches, and equity stakes.

The Board of Inspectors prepares an internal audit plan for the next year that sets out in detail the units that are to be inspected and the projects that are to be carried out in the course of its internal audit activities and it submits this plan to the Audit Committee for its approval. Internal audit and IT audit activities are carried out by bank inspectors and IT auditors within the framework of the audit plan, impartially and independently, and with all due professional diligence.

Risk assessments are being made by the Board of Inspectors that will serve as the basis for the preparation of audit plans that take a more effective, risk-focused approach to auditing. In these risk assessments, the risks to which the bank is exposed and the ways in which they are controlled are taken into consideration to determine what things are to be given priority in the conduct of audits and how frequently audits should take place. In this way resources can be used more productivity and it becomes possible to intervene in potentially risky issues more quickly and more effectively.

Reports of the results of inspection activities are submitted to the Audit Committee, which examines them and then forwards them to the general manager. The findings and recommendations contained in these reports as well as the measures and actions taken by the headquarters units concerned are monitored by the Board of Directors.

The TSKB Board of Directors maintains a close watch over the activities of the Board of Inspectors, which submits a report setting out the internal audit activities and their results to the board through the Audit Committee at threemonth intervals.

Members of the TSKB Board of Inspectors undertake duties on projects being carried out in the bank in addition to their inspection activities and they take an active part in all aspects of these projects from their original design to final execution.

TSKB Internal Control System

TSKB Internal Control System is structured so as to ensure that all of the financial and operational risks involved in the bank's activities are continuously kept under a reasonable level of control.

The Internal Control Center is responsible for all aspects of the internal control system including but not limited to identifying in advance the risks to which the bank may be exposed in its efforts to achieve its aims and managing them, ensuring that the bank's operations are effective and productive, protecting the bank's assets, ensuring compliance with current laws and regulations, and safeguarding the reliability and integrity of the accounting and financial reporting systems.

The business procedures, work flows, responsibilities, authorities, and limits are continuously reviewed and updated parallel to changing needs, risks, and conditions. Whenever internal controls related to the bank's primary activities and business processes are formulated or changed; they must be examined and approved by the Internal Control Center. In the development of new projects and products, the Internal Control Center plays a proactive role in addition to its regular process responsibilities and helping to identify where internal control points need to be placed.

Business and activities take place in a controlled manner by setting complete and suitable control mechanisms which can respond to risks regarding workflows and individual activity basis. Functional responsibilities on an individual activity basis as well as authorities to perform and approve transactions and their limits, system controls, post-transaction controls, and other transaction-specific controls all help ensure that activities and transactions are always conducted in a manner that is effective, correct, and secure.

Türkiye Sınai Kalkınma Bankası A.Ş.

Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems of Türkiye Sınai Kalkınma Bankası A.Ş. During the 2009 Reporting Year

Findings, opinions, and recommendations resulting from the internal control activities of the Internal Control Center are shared and assessed first of all with those performing the activities. In this way, it is possible for complementary and precautionary measures to be taken and put into effect quickly as needed and for suitable and practical solutions to be introduced to make improvements. All of these activities are continuously and closely monitored and assessed by the Internal Control Center as well as by those who carry them out.

The TSKB Audit Committee periodically assesses the effectiveness of the internal control system and the results of internal control activities through activity reports prepared by the Internal Control Center.

TSKB Risk Management System

The Risk Management Group is responsible for preparing the risk management policies and strategies that the bank will follow, for the implementation of risk management system activities, and for defining, measuring, monitoring, analyzing, assessing, and reporting risks. The Risk Management Group consists of the Senior Risk Committee and the Risk Management Department.

The risk management process is organized within the framework of risk management regulations and contributes towards the formation of a culture of risk awareness throughout the bank. The process is structured so as to allow risks to be defined in a manner compliant with international standards and ensure that they are measured, analyzed, monitored, and reported in the same way.

The Risk Management Department is responsible for taking part in activities to develop and integrate systems that will help monitor risks for compliance with the bank's policies, standards, and limits and identify violations; analyze the dimensions of risks through scenario development; and measure, monitor, and report risks.

In line with its fundamental objective of ensuring the creation and continuity of risk management systems, the Risk Management Department identifies the basic risks to which the bank is exposed, measures the risks it incurs, and identifies and develops risk measurement methods and ensures their consistency. The Risk Management Department is also responsible for conducting the bank's Basel II criteria compliance activities.

The Risk Management Department prepares a detailed risk management solo and consolidated reports at threemonth intervals and submits it by the mediation of Audit Committee to the Board of Directors.



Member of the Board of Directors and
Audit Committee
Kemal Serdar Dişli



Member of the Board of Directors and
Audit Committee
Murat Bilgiç

Türkiye Sınai Kalkınma Bankası A.Ş.

Independent Auditors' Report for the Year January 1, 2009 – December 31, 2009

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

TÜRKİYE SINAI KALKINMA BANKASI A.Ş.

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

DRT Bağımsız Denetim
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye
Tel: (212) 366 6000
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We have audited the accompanying balance sheet of Türkiye Sınai Kalkınma Bankası A.Ş. as at December 31, 2009 and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

Independent Auditor's Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Sınai ve Kalkınma Bankası A.Ş. as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

Additional Paragraph for English Translation:

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU



Sibel Türker
Partner
İstanbul, February 10, 2010

Türkiye Sınai Kalkınma Bankası A.Ş.

The Unconsolidated Financial Report of Türkiye Sınai Kalkınma Bankası A.Ş. for the Year Ended December 31, 2009

THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SINAI KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2009

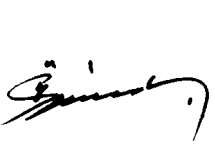
Address: Meclis-i Mebusan Cad. No: 81 34427 Fındıklı/İstanbul
Telephone and Fax: (212) 334 50 50, (212) 334 52 34
Web Site: <http://www.tskb.com.tr>
E-mail Address for communication: NAZLICAA@tskb.com.tr

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

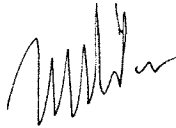
- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS' REPORT

The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures for the year end, 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.

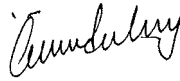
February 10, 2010




H. Ersin ÖZİNCE
Chairman of Board of Directors



Halil EROĞLU
CEO and Member of
Board of Directors



Ömer ERYILMAZ
Executive Vice President in
Charge of Financial Reporting



Mustafa GÖKTAŞ
Head of Financial
Control Department



Kemal Serdar DIŞLI
Member of Audit Committee



Murat BİLGİÇ
Member of Audit Committee

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

Name-Surname/Title : Ayşe Nazlıca/Head of Budgeting and Planning
Telephone Number : (212) 334 51 94

Türkiye Sınai Kalkınma Bankası A.Ş.

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Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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)	11	-	11	-
Total	500.000	100,00	500.000	-

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

Title (*)	Name and Surname	Academic Background	Task	Experience in Banking and Management Before Appointment
Chairman of the Board of Directors	H. Ersin Özince (**)	Undergraduate		33 years
Vice Chairman of the Board of Directors	Kadir Akgöz	Undergraduate		28 years
Members of the 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 Dişli	Undergraduate		19 years
	Murat Bilgiç	Postgraduate		15 years
	Remzi Altınok	Undergraduate		17 years
	Memduh Aslan Akçay	Postgraduate		17 years
Member of the Board of Directors General Manager	Halil Eroğlu	Undergraduate	CEO	24 years
Members of Audit Committee	Kemal Serdar Dişli	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	16 years
	Burak Akgüç	Undergraduate	Banking and External Relation	14 years
	Ömer Eryılmaz	Undergraduate	Corporate Marketing	20 years
	Çiğdem İçel	Undergraduate	Financial Control and Securities	17 years
	Ufuk Bala Yücel	Undergraduate	Operations	20 years
			Loans	
Statutory Auditors	Zeynep Hansu Uçar	Undergraduate	Auditor	13 years
	Mete Uluyurt	Postgraduate	Auditor	12 years

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

Changes Title	Left during the period	Appointed during the period
Chairman of the Board of Directors	İsmet Cahit Kocaömer	H. Ersin Özince
Member of the Board of Directors	Mahmut Magemizoğlu	Süleyman Kalkan

(*) The shares of above directors in the 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 Chairman 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.

IV.I nformation about the Persons and Institutions that have Qualified Shares

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

Current Period/Name Surname	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	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 Bank's Functions and Areas of Activity

Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") is the first private investment and development bank which was established by the Council of Ministers' resolution number of 3/11203 established in 1950 with the support of World Bank, T.R. Government, T.R. Central Bank and commercial banks. As per the articles of association published in the Official Gazette on June 2, 1950, the aim of TSKB is to support all private sector investments but specifically industrial sectors, to help domestic and foreign capital investors to finance the new firms and to help the development of Turkish capital markets. The Bank is succeeding its aim of developing private sector by giving, consulting, giving technical support and financial intermediary services.

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

The Bank has opened two branches in 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Balance Sheet as of December 31, 2009 (Statement of Financial Position)

(In Thousand of Turkish Lira)

ASSETS	Note Ref	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	566	2.538	3.104	573	2.305	2.878
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	38.510	4.262	42.772	24.842	2.300	27.142
2.1 Trading financial assets		38.510	4.262	42.772	24.842	2.300	27.142
2.1.1 Public sector debt securities		30.956	-	30.956	5.537	-	5.537
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		7.021	4.262	11.283	18.755	2.300	21.055
2.1.4 Other marketable securities		533	-	533	550	-	550
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	121.623	33.385	155.008	2.754	144.314	147.068
IV. MONEY MARKET PLACEMENTS		-	-	-	-	7.584	7.584
4.1 Interbank money market placements		-	-	-	-	7.584	7.584
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.654.273	492.976	2.147.249	1.324.705	430.240	1.754.945
5.1 Share certificates		18.329	2.957	21.286	15.379	2.957	18.336
5.2 Public sector debt securities		1.614.947	350.088	1.965.035	1.289.072	375.379	1.664.451
5.3 Other marketable securities		20.997	139.931	160.928	20.254	51.904	72.158
VI. LOANS	(5)	1.649.799	2.169.835	3.819.634	1.628.433	2.039.973	3.668.406
6.1 Loans		1.649.799	2.169.835	3.819.634	1.628.433	2.039.973	3.668.406
6.1.1 Loans to risk group of the Bank		204.013	77.940	281.953	128.739	65.712	194.451
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1.445.786	2.091.895	3.537.681	1.499.694	1.974.261	3.473.955
6.2 Non-performing loans		15.990	5.685	21.675	17.964	7.464	25.428
6.3 Specific provisions (-)		(15.990)	(5.685)	(21.675)	(17.964)	(7.464)	(25.428)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	280.529	-	280.529	-	-	-
8.1 Public sector debt securities		280.529	-	280.529	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	101.686	-	101.686	45.986	-	45.986
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		101.686	-	101.686	45.986	-	45.986
9.2.1 Financial investments		93.406	-	93.406	37.706	-	37.706
9.2.2 Non-financial investments		8.280	-	8.280	8.280	-	8.280
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	142.539	-	142.539	142.539	-	142.539
10.1 Unconsolidated financial subsidiaries		142.160	-	142.160	142.160	-	142.160
10.2 Unconsolidated non-financial subsidiaries		379	-	379	379	-	379
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES	(10)	271	134.805	135.076	1.182	214.431	215.613
12.1 Finance lease receivables		285	141.568	141.853	1.320	238.711	240.031
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(14)	(6.763)	(6.777)	(138)	(24.280)	(24.418)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	22.222	1	22.223	25.973	5	25.978
XV. INTANGIBLE ASSETS (Net)	(13)	518	-	518	437	-	437
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		518	-	518	437	-	437
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	25.117	-	25.117	15.713	-	15.713
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		25.117	-	25.117	15.713	-	15.713
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	1.840	27.334	29.174	1.928	152.640	154.568
TOTAL ASSETS		4.039.493	2.865.136	6.904.629	3.215.065	2.993.792	6.208.857

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Balance Sheet as of December 31, 2009 (Statement of Financial Position)

(In Thousand of Turkish Lira)

LIABILITIES	Note Ref	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	7.271	4.707	11.978	17.914	9.022	26.936
III. FUNDS BORROWED	(3)	24.158	4.304.057	4.328.215	74.884	4.361.049	4.435.933
IV. MONEY MARKET BALANCES		1.238.284	46.409	1.284.693	765.148	41.248	806.396
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		1.238.284	46.409	1.284.693	765.148	41.248	806.396
V. MARKETABLE SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	11	-	11
6.1 Borrower funds		-	-	-	-	-	-
6.2 Others		-	-	-	11	-	11
VII. SUNDRY CREDITORS		37.171	14.917	52.088	19.766	10.159	29.925
VIII. OTHER LIABILITIES	(5)	-	-	-	-	-	-
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	(6)	-	-	-	-	-	-
10.1 Finance lease payables		-	3	3	-	3	3
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(3)	(3)	-	(3)	(3)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(8)	96.737	101	96.838	71.814	-	71.814
12.1 General loan loss provisions		33.463	-	33.463	32.598	-	32.598
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		2.980	-	2.980	2.610	-	2.610
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		60.294	101	60.395	36.606	-	36.606
XIII. TAX LIABILITY	(10)	14.679	-	14.679	17.156	-	17.156
13.1 Current tax liability		14.679	-	14.679	17.156	-	17.156
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(11)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(9)	-	75.343	75.343	-	70.629	70.629
XVI. SHAREHOLDERS' EQUITY	(12)	1.027.494	13.301	1.040.795	780.116	(30.059)	750.057
16.1 Paid-in capital		600.000	-	600.000	500.000	-	500.000
16.2 Capital reserves		68.810	13.301	82.111	(6.380)	(30.059)	(36.439)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		40.058	13.301	53.359	(35.132)	(30.059)	(65.191)
16.2.4 Tangible assets revaluation differences		28.378	-	28.378	28.378	-	28.378
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		374	-	374	374	-	374
16.3 Profit reserves		183.796	-	183.796	167.515	-	167.515
16.3.1 Legal reserves	(13)	55.900	-	55.900	42.581	-	42.581
16.3.2 Statutory reserves		28.184	-	28.184	22.235	-	22.235
16.3.3 Extraordinary reserves	(14)	96.792	-	96.792	99.779	-	99.779
16.3.4 Other profit reserves		2.920	-	2.920	2.920	-	2.920
16.4 Profit or loss		174.888	-	174.888	118.981	-	118.981
16.4.1 Prior years' income/losses		-	-	-	-	-	-
16.4.2 Current year income/loss		174.888	-	174.888	118.981	-	118.981
16.5 Minority shares	(16)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		2.445.794	4.458.835	6.904.629	1.746.809	4.462.048	6.208.857

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Off-Balance Sheet Contingencies and Commitments as of December 31, 2009

(In Thousand of Turkish Lira)

	Note Ref	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		968.073	2.955.363	3.923.436	862.134	1.795.935	2.658.069
I. GUARANTEES AND COLLATERALS	(1)	344.963	371.420	716.383	221.029	346.901	567.930
1.1. Letters of guarantee		268.406	89.355	357.761	221.021	78.428	299.449
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3. Other letters of guarantee		268.406	89.355	357.761	221.021	78.428	299.449
1.2. Bank loans		-	-	-	-	439	439
1.2.1. Import letters of acceptance		-	-	-	-	439	439
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	180.321	180.321	-	260.512	260.512
1.3.1. Documentary letters of credit		-	180.321	180.321	-	260.512	260.512
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		76.557	101.744	178.301	8	7.522	7.530
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		339.788	520.600	860.388	382.682	412.923	795.605
2.1. Irrevocable commitments		150.526	160.802	311.328	22.958	46.284	69.242
2.1.1. Forward asset purchase and sales commitments		150.526	160.802	311.328	22.958	46.284	69.242
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		-	-	-	-	-	-
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		189.262	359.798	549.060	359.724	366.639	726.363
2.2.1. Revocable loan granting commitments		189.262	359.798	549.060	359.724	366.639	726.363
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	283.322	2.063.343	2.346.665	258.423	1.036.111	1.294.534
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		283.322	2.063.343	2.346.665	258.423	1.036.111	1.294.534
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	3.473	3.473
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	1.708	1.708
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	1.765	1.765
3.2.2. Swap transactions related to f.c. and interest rates		107.972	146.221	254.193	147.275	283.248	430.523
3.2.2.1. Foreign currency swaps-buy		72.943	52.886	125.829	65.990	150.360	216.350
3.2.2.2. Foreign currency swaps-sell		35.029	88.786	123.815	81.285	132.477	213.762
3.2.2.3. Interest rate swaps-buy		-	2.238	2.238	-	203	203
3.2.2.4. Interest rate swaps-sell		-	2.311	2.311	-	208	208
3.2.3. Foreign currency, interest rate and securities options		129.550	251.006	380.556	91.188	168.245	259.433
3.2.3.1. Foreign currency options-buy		64.775	96.428	161.203	65.094	26.902	91.996
3.2.3.2. Foreign currency options-sell		64.775	96.428	161.203	26.094	72.381	98.475
3.2.3.3. Interest rate options-buy		-	29.075	29.075	-	34.481	34.481
3.2.3.4. Interest rate options-sell		-	29.075	29.075	-	34.481	34.481
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	1.643.661	1.643.661	-	514.422	514.422
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	1.643.661	1.643.661	-	514.422	514.422
3.2.6. Other		45.800	22.455	68.255	19.960	66.723	86.683

Türkiye Sınai Kalkınma Bankası A.Ş.
Unconsolidated Statement of Off-Balance Sheet Contingencies and
Commitments as of December 31, 2009
(In Thousand of Turkish Lira)

	Note Ref	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
		TRY	FC	TOTAL	TRY	FC	TOTAL
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.671.763	11.792.830	14.464.593	2.027.945	9.572.876	11.600.821
IV. ITEMS HELD IN CUSTODY		1.704.499	105.283	1.809.782	1.718.787	84.100	1.802.887
4.1. Assets under management		7.513	1.179	8.692	15.152	4.404	19.556
4.2. Investment securities held in custody		360.219	104.104	464.323	353.128	79.696	432.824
4.3. Checks received for collection		152	-	152	40	-	40
4.4. Commercial notes received for collection		-	-	-	-	-	-
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		4.592	-	4.592	453.021	-	453.021
4.8. Custodians		1.332.023	-	1.332.023	897.446	-	897.446
V. PLEDGED ITEMS		967.264	11.687.547	12.654.811	309.158	9.488.776	9.797.934
5.1. Marketable securities		20	513.643	513.663	16	514.285	514.301
5.2. Guarantee notes		50.475	1.749.049	1.799.524	85.155	1.924.996	2.010.151
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		107.369	3.883.562	3.990.931	121.304	3.559.660	3.680.964
5.6. Other pledged items		809.400	5.541.293	6.350.693	102.683	3.489.835	3.592.518
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3.639.836	14.748.193	18.388.029	2.890.079	11.368.811	14.258.890

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Income Statement for the period ended December 31, 2009

(In Thousand of Turkish Lira)

INCOME/(LOSS) ACCOUNTS		Note Ref	Audited CURRENT PERIOD January 1 - December 31, 2009	Audited PRIOR PERIOD January 1 - December 31, 2008
I.	INTEREST INCOME	(1)	499.150	441.987
1.1	Interest on loans		226.252	177.434
1.2	Interest received from reserve deposits		152	652
1.3	Interest received from banks		4.460	5.462
1.4	Interest received from money market placements		96	91
1.5	Interest received from marketable securities portfolio		259.434	241.277
1.5.1	Held-for-trading financial assets		2.597	658
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Available-for-sale financial assets		244.665	240.619
1.5.4	Investments held-to-maturity		12.172	-
1.6	Finance lease income		8.667	16.278
1.7	Other interest income		89	793
II.	INTEREST EXPENSES	(2)	(243.938)	(198.426)
2.1	Interest on deposits		-	-
2.2	Interest on funds borrowed		(147.584)	(94.528)
2.3	Interest on money market borrowings		(95.950)	(103.777)
2.4	Interest on securities issued		-	-
2.5	Other interest expense		(404)	(121)
III.	NET INTEREST INCOME (I - II)		255.212	243.561
IV.	NET FEES AND COMMISSIONS INCOME/(LOSS)		6.972	3.842
4.1	Fees and commissions received		7.971	5.187
4.1.1	Non-cash loans		3.148	2.197
4.1.2	Other		4.823	2.990
4.2	Fees and commissions paid		(999)	(1.345)
4.2.1	Non-cash loans		(3)	(2)
4.2.2	Other		(996)	(1.343)
V.	DIVIDEND INCOME	(3)	18.969	23.899
VI.	NET TRADING INCOME	(4)	2.234	(27.634)
6.1	Securities trading gains/(losses)		1.937	(11.897)
6.2	Derivative financial instruments gains/losses		1.376	(9.001)
6.3	Foreign exchange gains/losses (net)		(1.079)	(6.736)
VII.	OTHER OPERATING INCOME	(5)	25.224	10.188
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		308.611	253.856
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(42.881)	(53.905)
X.	OTHER OPERATING EXPENSES (-)	(7)	(55.177)	(51.910)
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		210.553	148.041
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT/(LOSS) ON EQUITY METHOD		-	-
XIV.	GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	210.553	148.041
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(35.665)	(29.060)
16.1	Provision for current income taxes		(62.055)	(31.019)
16.2	Provision for deferred taxes		26.390	1.959
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	174.888	118.981
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
18.3	Income on other discontinued operations		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3	Loss from other discontinued operations		-	-
XX.	PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Provision for current income taxes		-	-
21.2	Provision for deferred taxes		-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XVII.	NET PROFIT/LOSS (XVII+XXII)	(11)	174.888	118.981
23.1	Group's profit/loss		174.888	118.981
23.2	Minority shares		-	-
	Earnings/(losses) per share		0,291	0,198

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Profit-Loss Items Accounted for under Shareholders' Equity
for the period ended December 31, 2009

(In Thousand of Turkish Lira)

	Audited CURRENT PERIOD January 1- December 31, 2009	Audited PRIOR PERIOD January 1- December 31, 2008
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS"	91.452	(41.281)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	40.314	(66.947)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(16.986)	7.710
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	114.780	(100.518)
XI. CURRENT YEAR PROFIT/LOSS	3.770	(3.943)
1.1 Net changes in fair value of securities (Recycled to Profit/Loss)	3.770	(3.943)
1.2 Reclassification of and recycling derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Recycling hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	118.550	(104.461)

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Shareholders' Equity for the period ended December 31, 2009

(In Thousand of Turkish Lira)

CHANGES IN SHAREHOLDER'S EQUITY

Audited

	Note Ref.	Paid in Capital	Effect of Inflation on Paid	Share Premiums	Share Certificate Cancellation Profits	Legal Reserves
CURRENT PERIOD (31/12/2009)						
I. Opening Balance		500.000	374	-	-	42.581
II. Corrections according to TAS 8		-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-
2.2 The effects of changes in accounting policy		-	-	-	-	-
III. New Balance (I+II)		500.000	374	-	-	42.581
Changes during the period						
IV. Increase/Decrease related to merger		-	-	-	-	-
V. Marketable securities value increase fund		-	-	-	-	-
VI. Hedging funds (Effective portion)		-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-
XIII. The effect of change in equities of associates on bank's equity		-	-	-	-	-
XIV. Capital increase		100.000	-	-	-	-
14.1 Cash		-	-	-	-	-
14.2 Internal sources		100.000	-	-	-	-
XV. Share issuance		-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-
XVII. The effect of inflation on paid-in capital		-	-	-	-	-
XVIII. Other		-	-	-	-	-
XIX. Period net income		-	-	-	-	-
XX. Profit distribution		-	-	-	-	13.319
20.1 Dividends distributed		-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	13.319
20.3 Other		-	-	-	-	-
Closing Balance (I+II+III+...+XVIII+XIX+XX)		600.000	374	-	-	55.900
PRIOR PERIOD (31/12/2008)						
I. Opening Balance		400.000	16.374	-	-	28.526
II. Corrections according to TAS 8		-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-
2.2 The effects of changes in accounting policy		-	-	-	-	-
III. New Balance (I+II)		400.000	16.374	-	-	28.526
Changes during the period						
IV. Increase/Decrease related to merger		-	-	-	-	-
V. Marketable securities value increase fund		-	-	-	-	-
VI. Hedging funds (Effective portion)		-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-
XIII. The effect of change in equities of associates on bank's equity		-	-	-	-	-
XIV. Capital increase		100.000	(16.000)	-	-	-
14.1 Cash		-	-	-	-	-
14.2 Internal sources		100.000	(16.000)	-	-	-
XV. Share issuance		-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-
XVII. The effect of inflation on paid-in capital		-	-	-	-	-
XVIII. Other		-	-	-	-	-
XIX. Period net income		-	-	-	-	-
XX. Profit distribution		-	-	-	-	14.055
20.1 Dividends distributed		-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	14.055
20.3 Other		-	-	-	-	-
Closing Balance (I+II+III+...+XVIII+XIX+XX)		500.000	374	-	-	42.581

(In Thousand of Turkish Lira)

[illegible]

Türkiye Sınai Kalkınma Bankası A.Ş.

Unconsolidated Statement of Cash Flow for the period ended December 31, 2009

(In Thousand of Turkish Lira)

STATEMENT OF CASH FLOWS		Audited CURRENT PERIOD January 1- December 31, 2009	Audited PRIOR PERIOD January 1- December 31, 2008
	Note Ref		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		169.615	65.925
1.1.1 Interest received		483.216	419.899
1.1.2 Interest paid		(235.628)	(267.115)
1.1.3 Dividends received		2.057	2.762
1.1.4 Fees and commissions received		7.971	5.187
1.1.5 Other income	(1)	17.625	1.915
1.1.6 Collections from previously written off loans		1.244	3.992
1.1.7 Payments to personnel and service suppliers		(44.817)	(46.063)
1.1.8 Taxes paid		(50.977)	(30.759)
1.1.9 Others	(1)	(11.076)	(23.893)
1.2 Changes in operating assets and liabilities		401.291	167.978
1.2.1 Net (increase) decrease in financial assets		(23.903)	42.806
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.4 Net (increase) decrease in loans		(216.006)	(1.139.221)
1.2.5 Net (increase) decrease in other assets	(1)	124.849	(83.015)
1.2.6 Net increase (decrease) in bank deposits		-	-
1.2.7 Net increase (decrease) in other deposits		-	-
1.2.8 Net increase (decrease) in funds borrowed		519.602	1.372.664
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	(3.251)	(25.256)
I. Net cash provided from banking operations		570.906	233.903
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(567.079)	(98.298)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(2)	-	(24.060)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases	(2)	(3.549)	(2.220)
2.4 Fixed assets sales	(3)	4.295	1.526
2.5 Cash paid for purchase of financial assets available for sale		(567.825)	(78.494)
2.6 Cash obtained from sale of financial assets available for sale		-	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others		-	4.950
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(2.700)	(3.157)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(2.700)	(2.815)
3.5 Payments for finance leases		-	(342)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	(1.079)	(6.736)
V. Net increase/(decrease) in cash and cash equivalents		48	125.712
VI. Cash and cash equivalents at beginning of the period	(4)	157.519	31.807
VII. Cash and cash equivalents at end of the period	(4)	157.567	157.519

Türkiye Sınai Kalkınma Bankası A.Ş.

Profit Distribution Table for the period ended December 31, 2009

(In Thousand of Turkish Lira)

	Audited (*) CURRENT PERIOD January 1- December 31, 2009	Audited PRIOR PERIOD January 1- December 31, 2008
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	210.553	148.041
1.2 TAXES AND DUTIES PAYABLE (-)	(35.665)	(29.060)
1.2.1 Corporate tax (Income tax)	(35.665)	(29.060)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	174.888	118.981
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	5.949
1.5 OTHER STATUTORY RESERVES (-)	-	5.949
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	174.888	107.083
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	30.000
1.6.1 To owners of ordinary shares	-	30.000
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	2.313
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	387
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	66.000
1.9.1 To owners of ordinary shares	-	66.000
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	7.370
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	1.013
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDEND TO PERSONNEL (-)	-	-
2.5 DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	118.981
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	19,83
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES(**)	-	96.000
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	16,00
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) The General Assembly has not been held as of the December 31, 2009 financial statements became precise.

(**) The dividend amount has been distributed to shareholders as bonus shares.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the 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 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.

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

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

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

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

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

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

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

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

The hedging strategies for other foreign exchange risk exposures:

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

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

The Bank has no derivative instruments used for hedging purposes.

IV. Interest Income and Expenses

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

In the current period, the Bank adopts discount of future cash flows method by excluding realized cash flows of financials 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 198 million, TRY 266 million and TRY 103 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.

V. Fees and Commission Income and Expenses

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

VI. Explanations and Disclosures on Financial Assets

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

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

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

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

Cash, Banks, and Other Financial Institutions:

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

Marketable Securities:

The Bank classifies its marketable securities in three groups:

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

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

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

Available for sale financial assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income. After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. At the disposal of available for sale financial assets, value increases/decreases recorded in the securities value increase fund under equity are transferred to income statement.

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.

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.

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

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

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

VII. Explanations on Impairment of Financial Assets

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

VIII. Offsetting of Financial Assets and Liabilities

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

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

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

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

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

X. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed of (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.

XI. Explanations on Goodwill and Other Intangible Assets

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

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

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

XII. Explanations on Tangible Fixed Assets

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

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

Normal maintenance and repair cost of the properties are expensed.

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

XIII. Explanations on Leasing Transactions

The Bank as Lessor

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

The Bank as Lessee

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

XIV. Explanations on Provisions and Contingent Liabilities

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

XV. Explanations on Liabilities Regarding Employee Benefits

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

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

Employees of the Bank are members of "Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı" and "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" ("the Pension Fund"). Technical financial statements of those funds are subject to audit in accordance with the Insurance Law and provisions of "Regulations on Actuaries" issued based on the related law by an actuary registered in the Actuarial Registry.

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

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

Present value for the liabilities of the transferees as of the transfer date would be calculated by a commission that involves representatives of Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, SDIF, banks and banks' pension fund institutions and technical interest rate, used in actuarial account, would be 9,80%. If salaries and benefits paid by the pension fund of banks and income and expenses of the pension funds in respect of the insurance branches, stated in the Law, exceeds the salaries and benefits paid under the regulations of Social Security Institution, such differences would be considered while calculating the present value for the liabilities of the transferees and the transfers are completed within 3 years beginning from January 1, 2008.

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

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

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of December 31, 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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

XVI. Explanations on Taxation

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are offset.

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

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

XVII. Additional Explanations on Borrowings

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

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

XVIII. Explanations on Share Certificates

In the current period, the 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 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 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.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

The Bank does not use government incentives.

XXI. Explanations on Segment Reporting

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

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

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

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

Current Period	Corporate	Investment Banking	Other	Total
Net Interest Income	102.167	153.045	-	255.212
Net Commission and Fees Income	3.662	2.855	455	6.972
Other Income	20.069	2.234	24.124	46.427
Other Expense	(55.795)	(26.989)	(15.274)	(98.058)
Profit Before Tax	70.103	131.145	9.305	210.553
Tax Provision				(35.665)
Net Profit				174.888

Current Period	Corporate	Investment Banking	Other	Total
Segment Assets	3.954.710	2.628.662	77.032	6.660.404
Investment in Associates and Subsidiaries	-	-	244.225	244.225
Total Assets	3.954.710	2.628.662	321.257	6.904.629
Segment Liabilities	4.122.038	1.578.191	163.605	5.863.834
Shareholder's Equity	-	-	1.040.795	1.040.795
Total Liabilities	4.122.038	1.578.191	1.204.400	6.904.629

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

Prior Period	Corporate	Investment Banking	Other	Total
Segment Assets	3.884.019	1.939.617	196.696	6.020.332
Investment in Associates and Subsidiaries	-	-	188.525	188.525
Total Assets	3.884.019	1.939.617	385.221	6.208.857
Segment Liabilities	4.003.192	1.336.713	118.895	5.458.800
Shareholder's Equity	-	-	750.057	750.057
Total Liabilities	4.003.192	1.336.713	868.952	6.208.857

XXII. 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 FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The capital adequacy ratio is 24,91% as at December 31, 2009 (December 31, 2008: 21,11%). Related to the calculation of the capital adequacy ratio, the risk weighted assets, the commitments and non-cash loans are classified according to the collateral groups and evaluated within the particular risk group.

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

	Risk Weight						
	Bank						
	0%	10%	20%	50%	100%	150%	200%
Amounts Subject to Credit Risk							
Balance Sheet items (Net)	335.196	-	790.113	824.013	2.758.860	-	-
Cash	231	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	2.873	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	154.462	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	17.966	-	-	-	-	-	-
Loans	300	-	593.587	741.692	2.287.246	-	-
Non-performing Loans (Net)	-	-	-	-	-	-	-
Financial Lease Receivables	441	-	27.975	20.385	85.214	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	273.582	-	-	-	-	-	-
Receivables from Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	2.312	-	-
Interest and Income Accruals	7.027	-	14.089	61.936	122.620	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	7.597	-	-	-	236.628	-	-
Tangible Assets	-	-	-	-	21.139	-	-
Other Assets	25.179	-	-	-	3.701	-	-
Off-Balance Sheet Items	937.923	-	80.021	14.246	267.554	-	-
Guarantees and Commitments	937.923	-	60.753	14.246	266.779	-	-
Derivative Financial Instruments	-	-	19.268	-	775	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	1.273.119	-	870.134	838.259	3.026.414	-	-

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	3.619.570	3.505.155
Amount Subject to Market Risk (ASMR)	519.238	374.888
Amount Subject to Operational Risk (ASOR)	330.695	280.666
Shareholders' Equity	1.113.335	878.510
Shareholders' Equity/(TRWA + ASMR + ASOR) *100	24,91	21,11

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Information related to the components of shareholders' equity:

	December 31, 2009	December 31, 2008
CORE CAPITAL		
Paid-in capital	600.000	500.000
Nominal capital	600.000	500.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	374	374
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	55.900	42.581
First legal reserve (Turkish Commercial Code 466/1)	28.184	22.235
Second legal reserve (Turkish Commercial Code 466/2)	27.716	20.346
Other legal reserve per special legislation	-	-
Statutory reserves	28.184	22.235
Extraordinary reserves	99.712	102.699
Reserves allocated by the General Assembly	96.792	99.779
Retained earnings	2.920	2.920
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	-	-
Profit	174.888	118.981
Current period profit	174.888	118.981
Prior years' profits	-	-
Provisions for possible losses up to 25% of core capital	-	25.000
Gains on sale of associates and subsidiaries and properties to be added to capital	28.378	28.378
Primary subordinated loans up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	(412)	-
Prepaid expenses (-)	(4.824)	(3.368)
Intangible assets (-)	(518)	(437)
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount as per the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	981.682	836.443

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	December 31, 2009	December 31, 2008
SUPPLEMENTARY CAPITAL		
General Loan Loss Provisions	33.463	32.598
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	74.850	75.800
Marketable securities value increase fund	24.012	(65.191)
Associates and subsidiaries	1.853	(36.196)
Available for sale securities	22.159	(28.995)
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	43.207
TIER III CAPITAL		
CAPITAL	1.114.007	879.650
DEDUCTIONS FROM THE CAPITAL	(672)	(1.140)
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than Ten percent of capitals which exceed the ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements in securities of these entities that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	(672)	(1.140)
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	1.113.335	878.510

II. Explanations Related to Credit Risk:

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

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

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

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

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

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

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

Rescheduled loans are monitored within the Bank's internal rating application, as well as the monitoring applications required by the related regulations. All precautions are taken in order to classify the companies' risks and their current rating may change within this internal rating applications.

The Bank monitors and investigates the maturity concentration and the risks which are different than their normal pattern.

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

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

The first 100 largest cash loans constitute 89,45% of the total cash loans portfolio of the Bank (December 31, 2008: 88,81%).

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

The first 100 largest cash and non cash loans constitute 86,86% of the total on and off balance sheet accounts (December 31, 2008: 87,49%).

The Bank calculated the general loan loss provision of TRY 33.463 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 32.598 Thousand).

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	2.636.862	2.668.111	697.037	617.417	137.859	72.708	379.301	404.138
Public Sector	-	-	-	-	2.276.520	1.669.988	-	-
Banks	-	-	477.070	380.508	23.602	-	155.008	147.068
Retail Customers	8.665	2.370	-	-	-	-	-	-
Share Certificates	-	-	-	-	21.286	18.336	-	-
Total	2.645.527	2.670.481	1.174.107	997.925	2.459.267	1.761.032	534.309	551.206
Information according to geographical concentration								
Domestic	2.645.193	2.670.329	1.110.295	993.015	2.316.378	1.706.171	506.417	407.806
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	-	24.582	-	101	100
USA, Canada	-	-	-	-	25.452	25.367	3.014	1.561
Other Countries	-	-	-	4.910	-	-	-	-
Total	2.645.527	2.670.481	1.174.107	997.925	2.459.267	1.761.032	534.309	551.206

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

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

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Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments (**)	Net Income
Current Period					
Domestic	6.407.221	2.483.291	716.383	262.554	164.093
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	-	-	-
Total	6.639.118	6.729.741	716.383	265.511	174.888
Prior Period					
Domestic	5.801.698	1.667.391	567.930	203.904	109.813
European Union Countries	166.813	2.649.647	-	2.957	-
OECD Countries (*)	1.547	80.107	-	-	-
Off-shore Banking Regions	5.010	212.200	-	-	9.168
USA, Canada	26.928	1.480.529	-	-	-
Other Countries	-	2	-	-	-
Total	6.001.996	6.089.876	567.930	206.861	118.981

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

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

Sector concentration for cash loans

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
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	47	1.164.677	54	707.332	43	1.077.333	53
Mining and Petroleum	9.575	1	-	-	5.966	-	-	-
Production	370.510	22	490.918	23	357.855	22	623.175	31
Electricity, Gas and Water	393.198	24	673.759	31	343.511	21	454.158	22
Construction	5.133	-	141.795	7	8.601	1	182.099	9
Services	859.894	52	853.645	39	878.000	54	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	679.805	41	494.302	23	705.287	44	382.192	19
Real Estate and Renting Services	4.568	1	53.581	2	851	-	60.591	3
Self-Employment Services	15.278	1	-	-	20.204	1	-	-
Education Services	20.783	1	4.355	-	30.658	2	5.606	-
Health and Social Services	3.499	-	35.866	2	-	-	19.391	1
Other	11.489	1	8.780	-	7.941	-	31.428	1
Total	1.649.799	100	2.169.835	100	1.628.433	100	2.039.973	100

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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	158.112	149.946
Financial Assets at Fair Value Through Profit and Loss	42.772	27.142
Money Market Placements	-	7.584
Loans, Lease Receivables	3.954.710	3.884.019
Held-to-maturity securities	280.529	-
Financial Assets Available for Sale	2.147.249	1.754.945
Total	6.583.372	5.823.636
Derivatives Financials Instruments	20.043	27.561
Contingent Liabilities	-	-
Non Cash Loans and Commitments	419.313	209.795
Total	439.356	237.356
Total Credit Risk Exposure	7.022.728	6.060.992

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	3.819.289	345	3.819.634
Corporate Loans	2.746.419	330	2.746.749
Loans to SME	1.072.621	15	1.072.636
Consumer Loans	249	-	249
Receivables from Leasing Transactions	134.936	140	135.076
Total	3.954.225	485	3.954.710

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	3.666.580	1.826	3.668.406
Corporate Loans	2.667.738	1.482	2.669.220
Loans to SME	998.617	344	998.961
Consumer Loans	225	-	225
Receivables from Leasing Transactions	215.422	191	215.613
Total	3.882.002	2.017	3.884.019

Credit risk is evaluated according to the 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 rating model.

Basic Loan Quality Categories	Current Period	Prior Period
Top Grade	230.593	89.196
High Grade	1.945.675	2.170.001
Average Grade	1.709.338	1.678.925
Below Average Grade	697.303	505.063
Impaired	16.330	20.087
Total	4.599.239	4.463.272

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

As of balance sheet date, the total of the Bank's cash and non-cash loans and financial lease receivables (gross amount including the non performing loans, excluding the specific provisions) is TRY 4.692.768 Thousand; and TRY 93.529 Thousand of these customers have not been rated. Guaranties of the amount of TRY 76.549 Thousand, issued by 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 4.477.377 Thousand; December 31, 2008: TRY 14.105 Thousand).

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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

III. Explanations Related to Market Risk

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

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

The standard method is used to calculate the consolidated and unconsolidated market risk. In addition to the standard method, the Bank applies parametric and historical simulation models to securities portfolio, foreign currency position on a daily or monthly basis to detect the market risks. The success of these models is tested retrospectively. The Bank also makes VaR calculations, scenario analyses and stress tests to detect the risks not caught by using internal models. Market risk is measured on a daily basis and reported to top management, Audit Committee and Board of Directors weekly and monthly.

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	33.670
Resulting from Financial Instruments related to Interest Income	31.648
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.022
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	5.788
Resulting from Financial Instruments related to Interest Income	3.597
Resulting from Positions in Share Certificates, Investment Fund and Participation Certificates	2.191
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	2.081
Capital Requirement	2.081
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)	41.539
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	519.238

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	429.017	549.025	301.188	344.054	407.225	287.250
Common Stock Risk	50.423	71.263	11.250	15.362	31.025	10.850
Currency Risk	33.105	79.550	15.088	33.151	75.113	20.488
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	181	975	-	478	2.113	-
Total Value At Risk	512.726	700.813	327.526	393.045	515.476	318.588

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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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Other price risks

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

Equity Price Sensitivity

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

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

- Net profit would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired,
- Marketable securities value increase fund under the shareholders' equity would decrease/increase by TRY 980 Thousand (2008: decrease/increase by TRY 480 Thousand). This is the result of the changes in fair value of the equity shares included in the available-for-sale portfolio.

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

IV. Explanations Related to Operational Risk

The Bank uses "Basic Indicator Method" in its operational risk calculation. The base amount for operational risk is measured by using the last three years, 2008, 2007 and 2006, of the Bank's gross profit according to the 4th section of the "Measurement of the Base Amount of Operational Risk" being effective on June 1, 2007, of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" issued on the Official Gazette dated November 1, 2006 numbered 26233.

V. Explanations Related to Currency Risk

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

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

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

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

	1 US Dollar	1 EURO	YEN
A. Bank "Foreign Exchange Valuation Rate"			
December 31, 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 Bank before the balance sheet date are TRY 1,5031, TRY 2,1965 and TRY 0,0168; respectively.

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

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	2.350	185	-	3	2.538
Banks	26.916	4.413	757	1.299	33.385
Financial Assets at Fair Value Through Profit and Loss	1.420	2.842	-	-	4.262
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	100.659	392.317	-	-	492.976
Loans (*)	1.959.127	1.776.182	21.193	-	3.756.502
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 (**)	125.045	29.966	3.042	8	158.061
Total Assets	2.215.517	2.205.905	24.992	1.311	4.447.725
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Money Market Borrowings	19.150	27.259	-	-	46.409
Funds Provided From Other Financial Institutions	2.223.113	2.116.806	38.998	483	4.379.400
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.735	12.165	-	17	14.917
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	1.249	2.836	2	-	4.087
Total Liabilities	2.246.247	2.159.066	39.000	500	4.444.813
Net Balance Sheet Position	(30.730)	46.839	(14.008)	811	2.912
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	2.271.496	2.230.104	58.598	1.508	4.561.706
Total Liabilities	2.276.246	2.133.047	80.536	2.278	4.492.107
Net Balance Sheet Position	(4.750)	97.057	(21.938)	(770)	69.599
Net Off-Balance Sheet Position	29.682	(88.623)	21.878	1.708	(35.355)
Financial Derivative Assets	74.701	100.179	21.878	1.708	198.466
Financial Derivative Liabilities	(45.019)	(188.802)	-	-	(233.821)
Non-Cash Loans (****)	141.772	174.453	-	30.676	346.901

(*) Loans extended, include TRY 1.586.667 Thousand foreign currency indexed loans.

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

(***) TRY 13.301 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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Sensitivity to the currency risk

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

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

Change in Currency Rate (%)		Effect on Profit/Loss (*)		Effect on Equity	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	(319)	3.233	1.144	(2.390)
EURO	10	305	3.109	187	(616)
JPY	10	(51)	(6)	-	-
Other	10	81	94	-	-

Change in Currency Rate (%)		Effect on Profit/Loss (*)		Effect on Equity	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	319	(3.233)	(1.144)	2.390
EURO	10	(305)	(3.109)	(187)	616
JPY	10	51	6	-	-
Other	10	(81)	(94)	-	-

(*) Values expressed are before the tax effect.

Forward foreign exchange contracts

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

VI. Explanations Related to Interest Rate Risk

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

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

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

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Notes to the Financial Statements for the Year Ended December 31, 2009

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	3.104	3.104
Banks	93.113	50.191	-	-	-	11.704	155.008
Financial Assets at Fair Value Through Profit and Loss	1.665	594	29.224	10.756	-	533	42.772
Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	414.499	634.691	391.892	428.336	253.094	24.737	2.147.249
Loans	1.395.825	1.493.674	749.822	138.068	42.245	-	3.819.634
Held-to-Maturity Investments	-	98.220	-	182.309	-	-	280.529
Other Assets	7.651	64.122	47.153	16.150	-	321.257	456.333
Total Assets	1.912.753	2.341.492	1.218.091	775.619	295.339	361.335	6.904.629
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.223.763	2.590	58.340	-	-	-	1.284.693
Sundry Creditors	-	-	-	-	-	52.088	52.088
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.616.559	1.934.453	750.797	47.048	54.701	-	4.403.558
Other Liabilities	2.444	586	2.347	6.601	-	1.152.312	1.164.290
Total Liabilities	2.842.766	1.937.629	811.484	53.649	54.701	1.204.400	6.904.629
Balance Sheet Long Position	-	403.863	406.607	721.970	240.638	-	1.773.078
Balance Sheet Short Position	(930.013)	-	-	-	-	(843.065)	(1.773.078)
Off-Balance Sheet Long Position	-	-	164	5.142	-	-	5.306
Off-Balance Sheet Short Position (**)	(1.644.437)	(11)	-	-	-	-	(1.644.448)
Total Position	(2.574.450)	403.852	406.771	727.112	240.638	(843.065)	(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. These balance is showed under "Up to 1 month" column since these transactions are under daily interest exposure.

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

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	-	-	8,36
Financial Assets at Fair Value through Profit and Loss	-	-	-	9,83
Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	4,01	5,89	-	11,79
Loans	4,07	3,49	4,88	11,62
Held-to-Maturity Investments	-	-	-	11,50
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,10	1,02	-	7,34
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	1,41	1,16	1,96	-

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-interest bearing (*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	2.878	2.878
Banks	118.406	-	-	-	-	28.662	147.068
Financial Assets at Fair Value Through Profit and Loss	983	2.903	8.501	14.205	-	550	27.142
Money Market Placements	7.584	-	-	-	-	-	7.584
Available-for-Sale Financial Assets	4.819	502.186	633.326	320.776	272.759	21.079	1.754.945
Loans	1.368.925	1.296.140	803.365	166.237	33.739	-	3.668.406
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	11.629	107.818	69.667	18.553	7.945	385.222	600.834
Total Assets	1.512.346	1.909.047	1.514.859	519.771	314.443	438.391	6.208.857
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	804.422	1.324	650	-	-	-	806.396
Sundry Creditors	-	-	-	-	-	29.925	29.925
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.435.852	1.853.760	1.071.937	106.161	38.863	-	4.506.573
Other Liabilities	7.368	4.775	10.354	4.440	-	839.026	865.963
Total Liabilities	2.247.642	1.859.859	1.082.941	110.601	38.863	868.951	6.208.857
Balance Sheet Long Position	-	49.188	431.918	409.170	275.580	-	1.165.856
Balance Sheet Short Position	(735.296)	-	-	-	-	(430.560)	(1.165.856)
Off-Balance Sheet Long Position	-	14	-	9.635	-	-	9.649
Off-Balance Sheet Short Position	(6.090)	-	(519.131)	-	-	-	(525.221)
Total Position	(741.386)	49.202	(87.213)	418.805	275.580	(430.560)	(515.572)

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

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Notes to the Financial Statements for the Year Ended December 31, 2009

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

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	-	-	15,00
Financial Assets at Fair Value through Profit and Loss	-	-	-	12,24
Money Market Placements	-	2,00	-	-
Available-for-Sale Financial Assets	5,29	7,13	-	18,32
Loans	6,78	5,27	4,88	20,05
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,86	1,38	-	15,33
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	4,44	3,47	1,96	16,00

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 Bank'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 Bank'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.

VII. Explanations Related to Liquidity Risk

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

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

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

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

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

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The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. For the purposes of monitoring and assessing the liquidity position of the Bank's assets and liabilities, the liquidity rate is 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

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	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	3.104	-	-	-	-	-	-	3.104
Banks	11.704	93.113	50.191	-	-	-	-	155.008
Financial Assets at Fair Value Through Profit and Loss	533	1.665	594	29.224	10.756	-	-	42.772
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	3.452	36.028	234.678	356.664	1.241.564	253.578	21.285	2.147.249
Loans	-	199.645	179.443	556.955	2.348.914	534.677	-	3.819.634
Held-to-Maturity Investments	-	-	-	-	280.529	-	-	280.529
Other Assets	-	931	12.720	49.857	71.568	-	321.257	456.333
Total Assets	18.793	331.382	477.626	992.700	3.953.331	788.255	342.542	6.904.629
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	199.784	170.824	218.470	1.598.980	2.215.500	-	4.403.558
Money Market Borrowings	-	1.223.763	2.590	58.340	-	-	-	1.284.693
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	-	52.088	52.088
Other Liabilities	-	2.444	586	2.347	6.601	-	1.152.312	1.164.290
Total Liabilities	-	1.425.991	174.000	279.157	1.605.581	2.215.500	1.204.400	6.904.629
Liquidity Gap	18.793	(1.094.609)	303.626	713.543	2.347.750	(1.427.245)	(861.858)	-
Prior Period								
Total Assets	34.834	274.856	158.430	1.090.711	3.071.469	1.174.998	403.559	6.208.857
Total Liabilities	-	1.067.373	103.087	592.577	1.438.645	2.138.224	868.951	6.208.857
Liquidity Gap	34.834	(792.517)	55.343	498.134	1.632.824	(963.226)	(465.392)	-

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

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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	155.893	182.387	248.364	1.741.980	2.329.542	(254.608)	4.403.558
Money Market Takings	1.223.887	2.591	63.515	-	-	(5.300)	1.284.693
Total	1.379.780	184.978	311.879	1.741.980	2.329.542	(259.908)	5.688.251

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	279.196	126.980	698.715	1.417.784	2.960.284	(976.386)	4.506.573
Money Market Takings	806.086	1.332	654	-	-	(1.676)	806.396
Total	1.085.282	128.312	699.369	1.417.784	2.960.284	(978.062)	5.312.969

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							
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

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

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets (*)	6.402.420	5.578.003	6.426.319	5.650.763
Banks	155.008	147.068	155.008	147.068
Money Market Placements	-	7.584	-	7.584
Available-For-Sale Financial Assets	2.147.249	1.754.945	2.147.249	1.754.945
Loans	3.819.634	3.668.406	3.820.603	3.741.166
Held-To-Maturity Investments	280.529	-	303.459	-
Financial Liabilities (*)	5.740.339	5.342.894	5.740.339	5.342.894
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Provided From Other Financial Institutions	5.688.251	5.312.969	5.688.251	5.312.969
Marketable Securities Issued	-	-	-	-
Sundry Creditors	52.088	29.925	52.088	29.925

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

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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	-	155.008	-	-
Available-for-sale financial assets	1.696.158	300.827	150.264	-
Loans	-	3.820.603	-	-
Held-To-Maturity Investments	303.459	-	-	-
Financial Liabilities				
Funds Obtained from Other Financial Institutions	-	5.688.251	-	-
Sundry Creditors	-	-	52.088	-

Prior Period	Quoted	Valuation techniques- market observable	Valuation techniques- non market observable	Fair value not available
Financial Assets				
Banks	-	147.068	-	-
Money Market Placements	-	7.584	-	-
Available-for-sale financial assets	1.388.326	289.833	76.786	-
Loans	-	3.741.166	-	-
Financial Liabilities				
Funds Obtained from Other Financial Institutions	-	5.312.969	-	-
Sundry Creditors	-	-	29.925	-

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

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

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets

1.a Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	114	117	89	168
Balances with the Central Bank of Turkey	452	2.421	484	2.137
Other	-	-	-	-
Total	566	2.538	573	2.305

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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 Bank has no trading securities given as collateral or blocked (December 31, 2008: None).

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

As of the balance sheet date, the Bank has TRY 4.493 Thousand trading securities subject to repurchase agreements (December 31, 2008: None).

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

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

As of the balance sheet date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blocked (December 31, 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 Bank has no financial assets designated at fair value through profit and loss subject to repurchase agreements (December 31, 2008: None).

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

Held for trading financial derivative instruments	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	-	57	-
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. Information on Banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	121.623	5.493	2.754	914
Foreign	-	27.892	-	143.400
Branches and head office abroad	-	-	-	-
Total	121.623	33.385	2.754	144.314

3.b Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	22.930	140.192	-	-
USA and 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

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Notes to the Financial Statements for the Year Ended December 31, 2009

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

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 debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1.029.375	46.421	827.456	41.302

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 78,60% government bonds, 12,91% Eurobonds and 8,49% shares and other securities (December 31, 2008: 1,53% treasury bills, 76,79% government bonds, 16,52% Eurobonds and 5,16% 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	2.130.085		1.768.626	
Quoted on a stock exchange	1.693.742		1.397.467	
Not quoted	436.343		371.159	
Share certificates	29.232		28.217	
Quoted on a stock exchange	5.158		4.593	
Not quoted	24.074		23.624	
Impairment provision (-)	(15.520)		(44.640)	
Other	3.452		2.742	
Total	2.147.249		1.754.945	

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 13.431 Thousand which is recorded at cost since respective fair values cannot be reliably measured. (December 31, 2008: TRY 12.981 Thousand).

5. Information on Loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	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

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Notes to the Financial Statements for the Year Ended December 31, 2009

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

5.b Information on the first and second group loans and other receivables including restructured or rescheduled 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
Cash Loans				
Non-specialized loans	3.740.872	5.077	11.814	61.871
Discount notes	17.137	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Investment loans	2.169.110	5.077	7.519	59.038
Loans given to financial sector	911.767	-	-	-
Foreign loans	64.146	-	-	-
Consumer loans	249	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	578.463	-	4.295	2.833
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	3.740.872	5.077	11.814	61.871

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

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	124.373	-	-	-
Non-specialized loans	124.373	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	3.616.499	5.077	11.814	61.871
Non-specialized loans	3.616.499	5.077	11.814	61.871
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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

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

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

5.f. Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	3.819.634	3.668.406
Total	3.819.634	3.668.406

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	3.755.488	3.663.343
Foreign loans	64.146	5.063
Total	3.819.634	3.668.406

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	206.881	134.654
Indirect loans granted to subsidiaries and associates	-	-
Total	206.881	134.654

5.i Specific provisions provided against loans:

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

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

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

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectable Loans and Receivables
Current Period			
(Gross amounts before provisions)	-	-	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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group Uncollectable 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 end balance	-	-	21.675
Specific provision (-)	-	-	(21.675)
Net Balances on Balance Sheet	-	-	-

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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 Uncollectable Loans and Receivables
Current Period			
Period End Balance	-	-	5.685
Special Provision (-)	-	-	(5.685)
Net Balance on Balance Sheet	-	-	-
Prior Period			
Period End Balance	-	-	7.464
Special 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 Uncollectable 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)	-	-	-

5.k Main principles of liquidating loans and receivables:

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

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

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

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

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

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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	2.746.419	1.072.621	249	-	3.819.289
Past due not impaired	330	15	-	-	345
Individually impaired	19.609	2.066	-	-	21.675
Total Gross	2.766.358	1.074.702	249	-	3.841.309
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	2.746.749	1.072.636	249	-	3.819.634
Prior Period	Corporate	SME	Consumer	Other	Total
Neither past due nor impaired	2.667.738	998.617	225	-	3.666.580
Past due not impaired	1.482	344	-	-	1.826
Individually impaired	23.639	1.789	-	-	25.428
Total Gross	2.692.859	1.000.750	225	-	3.693.834
Less: allowance for individually impaired loans	(23.639)	(1.789)	-	-	(25.428)
Less: allowance on a portfolio basis	-	-	-	-	-
Total allowance for impairment	(23.639)	(1.789)	-	-	(25.428)
Total Net	2.669.220	998.961	225	-	3.668.406

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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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	Much 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	Much than 91 days	Total
Loans and Receivables	730	899	197	-	1.826
Commercial Loans	657	825	-	-	1.482
SME Loans	73	74	197	-	344
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Total	730	899	197	-	1.826

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

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

Loans and other receivables amounting to TRY 3.555.032 Thousand have floating interest rates (December 31, 2008: TRY 2.969.016 Thousand) and the remaining TRY 264.602 Thousand have fixed interest rates (December 31, 2008: TRY 699.390 Thousand).

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

6.a.1 As of the balance sheet date, the Bank has no held-to-maturity investments securities given as collateral or blocked (December 31, 2008: None).

6.a.2 As of the balance sheet date, the Bank has TRY 275.934 Thousand of investment securities held-to-maturity subject to repurchase agreements (December 31, 2008: None).

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

As of the balance sheet date, the Bank has TRY 280.529 Thousand of investment securities held-to-maturity (December 31, 2008: None).

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

	Current Period	Prior Period
Repurchase Agreements	280.529	-
Quoted on a stock exchange	280.529	-
Not quoted	-	-
Impairment provision (-)	-	-
Total	280.529	-

6.d Movement of investment securities held-to-maturity

	Current Period	Prior Period
Beginning Balance	-	-
Foreign currency differences on monetary assets	-	-
Purchases during year	273.582	-
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
Closing Balance	273.582	-
Interest and Income Accruals	6.947	-
Total	280.529	-

The 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.

7. Information on Associates (Net):

7.a.1 Information on associates

	Title	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	GÖZLÜK SANAYİ A.Ş. (Gözlük)	Izmir/Turkey	21,71	21,71
2	İŞ FACTORİNG FİNANSMAN HİZMETLERİ A.Ş. (İş Factoring)	Istanbul/Turkey	21,75	100,00
3	İŞ FİNANSAL KİRALAMA A.Ş. (İş Finansal)	Istanbul/Turkey	28,71	58,54
4	İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	48,75
5	SENAPA-STAMPA AMBALAJ SANAYİ VE TİCARET A.Ş. (Senapa)	Kocaeli/Turkey	6,95	6,95
6	TERME METAL SANAYİ VE TİCARET A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
7	TSKB YATIRIM ORTAKLIĞI A.Ş. (TSKB Y.O.)	Istanbul/Turkey	40,99	55,64
8	ÜNSA AMBALAJ SANAYİ VE TİCARET A.Ş. (Ünsa)	Istanbul/Turkey	7,52	7,52

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

	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	-
İş Factoring (2)	275.984	40.976	104	6.842	5	7.102	20.016	-
İş Finansal (3)	1.177.143	379.259	748	14.390	-	99.415	76.309	74.256
İş Girişim (4)	131.920	129.052	710	-	-	8.357	19.833	12.099
Senapa (5)	34.372	6.209	24.951	-	-	(118)	(1.536)	-
Terme (6)	12.753	1.959	954	54	-	489	420	-
TSKB Y.O. (7)	39.496	39.185	-	38	677	10.346	(3.081)	5.501
Ünsa (8)	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-audited 31.12.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

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

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

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

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

(7) 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.

(8) 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 associates

	Current Period	Prior Period
Balance at the Beginning of the Period	45.986	99.938
Movements During the Period	55.700	(53.952)
Purchases	-	-
Bonus Shares Obtained	15.386	12.995
Current Year Share of Profit	-	-
Sales (*)	-	-
Revaluation Increase	40.314	-
Provision for Impairment	-	(66.947)
Balance at the End of the Period	101.686	45.986
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

TSKB Yatırım Ortaklığı A.Ş. and Yatırım Finansman Yatırım Ortaklığı A.Ş., associates of the 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 Thousand unit of stocks of merged entity was given against to each TRY 1 unit of stock of Yatırım Finansman Yatırım Ortaklığı A.Ş.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	1.551	1.551
Leasing Companies	74.256	27.476
Financial Service Companies	-	-
Other Associates	25.879	16.959

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	91.856	36.157
Associates quoted on foreign stock exchanges	-	-

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

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

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

In the current period, the Bank obtained TRY 15.386 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. and 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.

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

8. Information on Subsidiaries (Net):

8.a.1 Information on subsidiaries

Title	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1 TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	İstanbul/Turkey	99,99	99,99
2 Yatırım Finansman Menkul Değerler A.Ş.(YF MEN. DEĞ.)	İstanbul/Turkey	95,78	98,42
3 TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.(TSKB GYO)	İstanbul/Turkey	96,00	100,00

	Total Assets	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	-
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-audited 31.12.09 financial statements. Prior year profit/loss is obtained from 31.12.08 financial statements.

(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.

8.a.2 Information on subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	142.539	110.338
Movements in period	-	32.201
Purchases	-	24.060
Bonus shares obtained	-	8.141
Current year share of profit	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	142.539	142.539
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Subsidiaries	142.539	142.539

8.a.4 Subsidiaries quoted on stock market

As of the balance sheet date, the Bank has no subsidiaries quoted on the stock exchange (December 31, 2008: None).

8.a.5 Subsidiaries sold in the current period

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

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

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

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

9. Information on Entities under Common Control:

The Bank has no entities under common control as of the 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; which has material effect on financial statements.

11. Information on Derivative Financial Assets for Hedging Purposes:

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

12. Information on Tangible Assets (Net):

Current Period	Prior Period End	Current Period Additions	Current Period Disposals	Current Period End
Cost				
Land and Building (*)	7.992	366	-	8.358
Assets held under finance leases	2.232	130	-	2.362
Vehicles	602	323	(99)	826
Assets held for resale	24.464	2.330	(4.180)	22.614
Other	5.338	400	(16)	5.722
Total Cost	40.628	3.549	(4.295)	39.882
Accumulated depreciation				
Land and Building (*)	(2.065)	(177)	-	(2.242)
Assets held under finance leases	(1.121)	(535)	-	(1.656)
Vehicles	(300)	(97)	59	(338)
Assets held for resale	(4.022)	(1.341)	8	(5.355)
Other	(3.906)	(411)	10	(4.307)
Total accumulated depreciation	(11.414)	(2.561)	77	(13.898)
Impairment provision				
Land and Building (*)	-	-	-	-
Assets held under finance leases	-	-	-	-
Vehicles	-	-	-	-
Assets held for resale	(3.236)	(707)	182	(3.761)
Other	-	-	-	-
Total impairment provision	(3.236)	(707)	182	(3.761)
Net book value	25.978	281	(4.036)	22.223

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

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

(*) 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

12.a If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements**12.a.1 Events and conditions for recording or reversing impairment**

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

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

The impairment amount recorded as at the balance sheet date is TRY 3.761 Thousand (December 31, 2008: TRY 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.

13. Information on Intangible Assets (Net)**13.a Useful lives and amortization rates used**

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

13.b Amortization methods used

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

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

Current Period	Period Beginning		Period End	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	2.419	(1.982)	2.776	(2.258)

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

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

Current Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Intangible asset	2.419	357	-	2.776
Total Cost	2.419	357	-	2.776
Accumulated amortization:				
Intangible asset	(1.982)	(276)	-	(2.258)
Total Accumulated Amortization	(1.982)	(276)	-	(2.258)
Impairment provision:				
Intangible asset	-	-	-	-
Total Impairment provision	-	-	-	-
Net Book Value	437	81	-	518

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

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

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

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

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

As at the balance sheet date, the Bank has no intangible fixed assets acquired through government grants (December 31, 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 at the balance sheet date, the Bank 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 at the balance sheet date, there are no intangible assets with restricted use or pledged (December 31, 2008: None).

13.i Amount of purchase commitments for intangible assets

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

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

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

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

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

13.l Information on positive or negative goodwill

As at the balance sheet date, the Bank has no goodwill (December 31, 2008: None).

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

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

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

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

14. Information on Investment Property:

The Bank has no investment property (December 31, 2008: None).

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

15. Information on Deferred Tax Assets:

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

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

Deferred tax asset:	Current Period	Prior Period
Useful life difference of fixed assets	1.009	949
Financial lease adjustments	4.262	1.608
Derivative instrument accruals	(257)	554
Employee benefit provision	596	522
Loan commissions accrual adjustment	5.336	2.496
Other provisions	12.058	7.317
Other	2.113	2.267
Total	25.117	15.713

In addition, TRY 11.429 Thousand deferred tax, which is calculated over the fair value differences on available for sale securities, is offset against the "available for sale securities value increase fund" item under equity (December 31, 2008: TRY 5.557 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 Bank has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods.

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

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

16. Information on Assets Held For Sale

In the current period, the 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).

II. Explanations Related to the Liabilities

1. Information of Maturity Structure of Deposits:

1.a.1 Maturity structure of deposits

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

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

The Bank is not authorized to accept deposits.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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	20.003	120.219	14.006	70.193
From Foreign Banks, Institutions and Funds	4.155	4.183.838	60.878	4.290.856
Total	24.158	4.304.057	74.884	4.361.049

3.b Maturity analysis of funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	20.003	267.557	70.729	493.273
Medium and long-term	4.155	4.036.500	4.155	3.867.776
Total	24.158	4.304.057	74.884	4.361.049

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

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

4. Information relating to funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Transactions	1.235.777	44.730	763.325	26.236
Financial Institutions and organizations	1.206.502	-737.020	-	-
Other Institutions and organizations	5.684	22.893	5.993	8.408
Real persons	23.591	21.837	20.312	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	765.148	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 Bank entered into the financial lease transactions with its affiliate; İş Finansal Kiralama A.Ş. and Vakıf Finansal Kiralama A.Ş.. The lease agreements are paid in equal installments. There are no issues in these transactions bringing important liabilities to the Bank.

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Notes to the Financial Statements for the Year Ended December 31, 2009

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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	1	-	1	-
Between 1 and 4 years	2	-	2	-
More than 4 years	-	-	-	-
Total	3	-	3	-

6.d Explanations regarding operational leases:

As of the balance sheet date, the Bank's 1 head office buildings and 3 branches are subject to operational leasing. Additionally, 7 cars are under operational leasing. The Bank has no obligations for operational leases in the current period (December 31, 2008: 1 head office buildings, 3 branches and 21 cars under operational leasing).

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

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

7. Information on Derivative Financial Liabilities for Hedging Purposes:

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

8. Information on Provisions:

8.a Information on general provisions

	Current Period	Prior Period
General Provisions	33.463	32.598
Provisions for First Group Loans and Receivables	27.297	25.890
Provisions for Second Group Loans and Receivables	1.699	1.380
Provisions for non-Cash Loans	1.123	818
Other	3.344	4.510

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

The foreign exchange losses on the foreign currency indexed loans amount to TRY 10.856 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 Bank has TRY 4 Thousand of specific provisions provided for unindemnified non cash loans as of the balance sheet date (December 31, 2008: TRY 4 Thousand).

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

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

As of December 31, 2009, TRY 2.516 Thousand (December 31, 2008 - TRY 2.279 Thousand) reserve for employee termination benefits was provided against a total undiscounted liability of TRY 5.970 Thousand. The ratio of provision of this benefit to undiscounted total liability is 42,14%.

As of December 31, 2009, the Bank provided a reserve of TRY 464 Thousand (December 31, 2008 - TRY 331 Thousand) for the unused vacations. This balance is classified under reserve for employee benefits in the financial statements.

8.d.1. Movement employee termination benefits

	Current Period	Prior Period
As of January 1,	2.279	2.431
Payments during the period	(512)	(548)
Arising during the period	749	396
Total	2.516	2.279

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8.e Information related to other provisions:

8.e.1 Provision for possible losses:

	Current Period	Prior Period
Provisions 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 (*)	59.275	10.486
Total	60.395	36.606

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

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

None (December 31, 2008: None).

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

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of December 31, 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.

Accordingly, as of December 31, 2009, the Bank has no liability for the Pension Fund liabilities, subject to the transfer and also for other social rights, payments, and medical benefits of the employees explained in trust indenture which are not subject to the transfer, in accordance with the articles of the Law as explained under accounting policies, note 3.15 "Explanations on Liabilities Regarding Employee Benefits"

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

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

9.a Information about 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

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10. Information on Taxes Payable:

Corporate Taxes and Deferred Taxes	Current Period		Prior Period	
	TRY	FC	TRY	FC
Corporate tax payable (*)	11.078	-	14.211	-
Deferred tax liability	-	-	-	-
Total	11.078	-	14.211	-

(*) In the current period, Corporate Tax Provision is TRY 62.055 Thousand and netted of from Prepaid Tax of TRY 50.977 (December 31, 2008: Corporate Tax Provision is TRY 31.019 Thousand and netted off from Prepaid Tax of TRY 16.808 Thousand).

10.a Information on deferred taxes liabilities:

At the balance sheet date, the Bank has no deferred tax liability (December 31, 2008: None).

10.a.1 Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	11.078	14.211
Taxation of securities	895	1.018
Property tax	-	-
Banking and Insurance Transaction Tax (BITT)	553	286
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	144	92
Other	1.971	1.513
Total	14.641	17.120

10.a.2 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	13	12
Unemployment insurance-Employer	25	24
Other	-	-
Total	38	36

11. Information on Liabilities Regarding Assets Held for Sale:

None (December 31, 2008: None).

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

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

In the current period, the Bank's share capital has increased by TRY 100.000 Thousand. In 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.

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

12.d Information on share capital increases from capital reserves

In the current period there is no share capital increases from capital reserves (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 Bank has no capital commitments in the last fiscal year and at the end of the following interim period.

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

The prior period income, profitability and liquidity of the Bank and their trends in the successive periods are followed by Financial Controlling Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under various scenario analyses. The Bank operations are profitable, and the Bank retains the major part of its profit by capital increases or capital reserves within the shareholders equity.

12.g Information on preferred shares

The Bank has no preferred shares.

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	4.117	-	(36.196)	-
Valuation Differences	35.941	13.301	1.064	(30.059)
Foreign Exchange Difference	-	-	-	-
Total	40.058	13.301	(35.132)	(30.059)

13. Informations on Legal Reserves:

	Current Period	Prior Period
I. Legal reserve	28.184	22.235
II. Legal reserve	27.716	20.346
Other legal reserves appropriated in accordance with special legislation	-	-
Total	55.900	42.581

14. Informations on Extraordinary Reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	96.792	99.779
Retained earnings	2.920	2.920
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	99.712	102.699

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Notes to the Financial Statements for the Year Ended December 31, 2009

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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	(28.995)	(36.196)	28.378	374	(36.439)
Value increase of available for sale investments recognized directly under equity	91.453	40.313	-	-	131.766
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	(16.986)	-	-	-	(16.986)
Gain/loss on cash flow hedges	-	-	-	-	-
Gain/loss on cash flow hedges recycled to income statement	-	-	-	-	-
Tax effect of gains on cash flow hedges	-	-	-	-	-
Transfer to capital	-	-	-	-	-
Other	-	-	-	-	-
As of December 31	49.242	4.117	28.378	374	82.111

16. Information on minority shares:

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

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

1. Information on Off-Balance Sheet Liabilities:

1.a Nature and amount of irrevocable loan commitments

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

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

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

As at the balance sheet date, total letters of credit are TRY 180.321 Thousand (December 31, 2008: TRY 260.512 Thousand).

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

As at the balance sheet date, total letters of guarantee is TRY 357.761 Thousand (December 31, 2008: TRY 299.449 Thousand).

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

	Current Period	Prior Period
Non-cash loans given against obtaining 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	560.400
Total	716.383	567.930

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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	146.978	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	142.971	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	221.029	100	346.901	100

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

	I st Group				II nd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Non-cash Loans	344.963	371.420	221.029	346.901	-	-	-	-
Letters of Guarantee	268.406	89.355	221.021	78.428	-	-	-	-
Bank Acceptances	-	-	-	439	-	-	-	-
Letters of Credit	-	180.321	-	260.512	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	76.557	101.744	8	7.522	-	-	-	-

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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 Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell
Current Period										
TRY	-	-	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
Prior 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

	Current Period			Prior Period		
	Fair value assets	Fair value liabilities	Notional amount in Turkish Lira equivalent	Fair value assets	Fair value liabilities	Notional amount in Turkish Lira equivalent
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 Bank does not have any items to hedge financial risks (December 31, 2008: None).

3. Explanations on Contingent Liabilities and Assets:

There are 7 legal cases against the Bank which are amounting to TRY 131 Thousand as of the balance date.

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4. Custodian and intermediary services:

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

IV. Explanations Related to the Statement of Income

1.a Information on interest on loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans				
Short term loans	2.590	3.822	5.184	2.695
Medium and long term loans	98.501	118.059	70.511	95.498
Interest on non-performing loans	3.280	-	3.101	445
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	104.371	121.881	78.796	98.638

1.b Information on interest received from banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	3.625	19	1.482	1.917
Foreign banks	5	811	2	2.061
Branches and head office abroad	-	-	-	-
Total	3.630	830	1.484	3.978

1.c Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	2.580	17	528	130
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	214.257	30.408	209.864	30.755
Held-to-maturity securities	12.172	-	-	-
Total	229.009	30.425	210.392	30.885

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	8.775	3.901

2.a Information on interest on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	838	16.595	4.259	39.100
The Central Bank of Turkey	28	-	48	-
Domestic banks	489	400	3.001	2.184
Foreign banks	321	16.195	1.210	36.916
Branches and head office abroad	-	-	-	-
Other financial institutions	-	130.151	-	51.169
Total	838	146.746	4.259	90.269

2.b Information on interest expense to associates and subsidiaries

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

2.c Information on interest expense to securities issued

The Bank has no interest expense on securities issued.

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

The Bank is not authorized to accept deposits.

3. Information on dividend income:

	Current Period	Prior Period
Trading securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	2.097	311
Other	16.872	23.588
Total	18.969	23.899

4. Information on Net Trading Income (Net):

	Current Period	Prior Period
Profit	374.690	927.853
Gains on capital market operations	9.569	4.845
On derivative financial instruments	107.173	289.850
Foreign exchange gains	257.948	633.158
Losses (-)	(372.456)	(955.487)
Losses on capital market operations	(7.632)	(16.742)
On derivative financial instruments	(105.797)	(298.851)
Foreign exchange losses	(259.027)	(639.894)

5. Information related to Other Operating Income:

	Current Period	Prior Period
Provisions Released	19.564	6.318
Gains on Sale of Assets	3.956	1.962
From Associate and Subsidiary Sales	-	-
From Movable Fixed Asset Sales	161	1.890
From Properties Sales	40	-
From Other Asset Sales	3.755	72
Other	1.704	1.908
Total	25.224	10.188

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

	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	865	13.202
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 (*)	36.058	2.350
Total	42.881	53.905

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

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7. Information related to Other Operating Expenses:

	Current Period	Prior Period
Personnel expenses	32.965	30.736
Reserve for employee termination benefits	237	-
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1.220	955
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	276	191
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	707	548
Depreciation expenses of assets for resale	1.341	1.658
Impairment expenses of assets held for sale	-	-
Other operating expenses	14.093	13.091
Rent expenses	5.057	4.618
Maintenance expenses	363	446
Advertisement expenses	523	902
Other expenses	8.150	7.125
Loss on sales of assets	26	3
Other	4.312	4.728
Total	55.177	51.910

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

As of December 31, 2009, profit before tax of the Bank has increased by 42,23% as compared to the prior year (December 31, 2008: 17,57%). In comparison with the prior year, the Bank's net interest income has increased by 4,78% (December 31, 2008: 77,81%).

9. Information on Tax Provision for Taxes on Income:

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

The Bank's current tax charge for the period is TRY 62.055 Thousand (December 31, 2008: TRY 31.019 Thousand). Deferred tax benefit is TRY 26.390 Thousand (December 31, 2008: TRY 1.959 Thousand deferred tax benefit).

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

Deferred tax benefit calculated on temporary differences is TRY 26.390 Thousand (December 31, 2008: TRY 1.959 Thousand deferred tax benefit).

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

As of December 31, 2009 deferred tax benefit calculated based on temporary differences is TRY 26.390 Thousand (December 31, 2008: TRY 1.959 Thousand deferred tax benefit). There is no deferred tax benefit or charge reflected to the income statement on carry forward tax losses, tax deductions and exceptions (December 31, 2008: None).

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

As of December 31, 2009, net profit of the Bank has increased by 46,99% (December 31, 2008: 13,65%).

11. Information on Net Profit/Loss

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

The Bank has generated TRY 499.150 Thousand interest income, TRY 243.938 Thousand interest expenses and TRY 6.972 Thousand net fee and commission income from banking operations (December 31, 2008: TRY 441.987 Thousand interest income, TRY 198.426 Thousand interest expense, TRY 3.842 Thousand net fee and commission income).

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

There are no changes in the accounting estimates and accordingly any effect on the financial statement items (December 31, 2008: None).

11.c Minority share of profit and loss

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (December 31, 2008: None).

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

None other than those explained in note IV.5; other operating income and IV.7; other operating expense.

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

1. Informations related to capital:

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

Name Surname/Title	Share Amounts	Share Rates (%)	Paid in Shares	Unpaid Shares
T. İş Bankası A.Ş. Group	300.720	50,12	300.720	-
T. Vakıflar Bankası T.A.O.	50.265	8,38	50.265	-
Under Custody at Merkezi Kayıt Kuruluşu (National Custody Institution)	249.002	41,50	249.002	-
Other	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/Title	Share Amounts	Share Rates (%)	Paid in Shares	Unpaid Shares
T. İş Bankası A.Ş. Group	250.489	50,10	250.489	-
T. Vakıflar Bankası T.A.O.	41.888	8,38	41.888	-
Under Custody at Merkezi Kayıt Kuruluşu (National Custody Institution)	207.612	41,52	207.612	-
Other	11	-	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 and registered on June 12, 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 securities available-for-sale

As of December 31, 2009, TRY 60.671 Thousand value increase is accounted for arising from the valuation of available for sale investments at fair value. TRY 11.429 Thousand deferred tax is offset against value increase related to these investments and as a result, TRY 49.242 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 34.552 Thousand value decrease is accounted for arising from the valuation of available for sale investments at fair value. TRY 5.557 Thousand deferred tax is offset against value increase related to these investments and as a result, TRY 28.995 Thousand net value decrease is disclosed under the securities value increase fund in the statement of changes in the equity.

3. Information on increases in the cash flow hedges

There is no increase in cash flow hedge transactions.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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.

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 V.2, above.

6. Information about Dividends:

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

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

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

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

7. Amounts transferred to legal reserves

In the current year, TRY 13.319 Thousand were transferred to the legal reserves (December 31, 2008: TRY 14.055 Thousand).

8. Offsetting of the prior period's losses

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

VI. Explanations Related to Statement of Cash Flows:

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

In the current period, the other income, TRY 17.625 Thousand, consists of capital market profits, gain on sale of assets and non-interest income. (December 31, 2008: TRY 1.915 Thousand gain on sale of assets and non-interest income).

Other items amounting to TRY (11.076) Thousand (December 31, 2008: TRY (23.893) 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 124.849 Thousand net increase/decrease in other assets consists of sundry receivables and changes in other assets and intangible assets (December 31, 2008: TRY (83.015) Thousand).

In the current period, TRY (3.251) thousand other liabilities consists of changes in tax liability and sundry creditors.

In the prior period, TRY (25.256) 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 is TRY 1.079 Thousand.

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

2. Information about cash flows from acquisition of associates, subsidiaries, and other investments:

In the current period, the bank, invested TRY 3.549 Thousand in movable fixed assets and properties. There is no sale of associates and subsidiaries.

In the prior period, the bank, invested TRY 24.060 Thousand in associates, subsidiaries, and other investments and TRY 2.220 Thousand in movable fixed assets and properties.

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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

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

In the current period, the Bank has generated a cash inflow of TRY 4.295 Thousand on sale of movable fixed assets and properties. There is no sale of associates and subsidiaries in the current period.

In the prior period, the Bank generated a cash inflow of TRY 1.526 Thousand. There is no sale of associates and subsidiaries in the prior period.

4. Information on Cash and Cash Equivalents at the End of the Period:**Information on cash and cash equivalents at the beginning of the period:**

	Current Period	Prior Period
Cash	2.878	3.367
Cash Equivalents	154.641	28.440

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

	Current Period	Prior Period
Cash	3.104	2.878
Cash Equivalents	154.463	154.641

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

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

6. Additional Information Related to Financial Position and Liquidity of the Bank**6.a Any unused financial borrowing facility which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities**

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

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

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

VII. Explanations on the Risk Group of the Bank

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

1.a Current Period

Risk Group of the Bank	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group (*)	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	130.415	172	-	141.759	66.812	226
Balance at the end of period	204.110	334	39.691	117.413	39.585	1
Interest and commission income	8.669	3	203	384	941	-

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

1.b Prior Period

Risk Group of the Bank	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group (*)	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	46.778	168	-	24.347	65.319	225
Balance at the end of period	130.415	172	-	141.759	66.812	226
Interest and commission income received	3.547	1	-	63	2.708	-

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

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

The Bank is not authorized to accept deposits.

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

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

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

Benefits provided to the key management personnel in the current period amount to TRY 4.053 Thousand (December 31, 2008: TRY 3.699 Thousand).

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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

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

	Number	Number Of Employees	Country of Incorporation	
Domestic Branch	2	308		
Foreign Rep Office	-			
			Total Assets	Statutory Share Capital
Foreign Branch	-			
Off-share Banking Region Branches	1	2	1-Bahrain	257.037

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

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

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to the Operations of the Bank

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

FITCH RATINGS

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

Information above is received from Fitch Ratings report dated January 8, 2010.

MOODY'S

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2009

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

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.

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 Istanbul 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 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 financial statements and the notes to the financial statements for the year ended December 31, 2009 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Member Firm of Deloitte Touche Tohmatsu").

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

II. Explanations and notes prepared by independent auditor

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

Türkiye Sınai Kalkınma Bankası A.Ş.

Assessment of Financial Standing, Profitability, and Solvency

The year 2009 was a very successful year for TSKB in financial terms, which continued to strengthen its asset structure with the medium and long-term resources it secured and also it continued to increase shareholders' equity with high profitability. Total assets were up 11% year-on-year and reached the TRY 6,905 million level.

As a result of the continuous marketing efforts, the medium and long-term lendings in 2009 amounted to USD 731million, despite the crisis in financial markets. With a 2% year-on-year growth, the Bank's loan book reached a total of USD 2,642 million.

A breakdown of the loan portfolio by currency type (including foreign currency indexed loans) is consistent with the liability-side: 52% EUR, 46% USD, 1% JPY. TRY Loans form only 1% of the portfolio. 97% of the loan portfolio is made up of medium and long-term investment and corporate loans. A sectoral breakdown of the loan book shows that most of the lending has been made to the Energy Production and Distribution, Finance and Construction sectors. The ratio of loans to total assets is 57%.

As well as the expanding loan book, the quality of assets has also kept increasing. The ratio of non-performing loans—all of which are 100% provisioned—to total lending nearly halved from 1.3% in 2006 to 0.7% in 2007, remained same in 2008, and decreased to 0.6% in 2009.

In 2009 TSKB's non-cash credit portfolio reached USD 479 million in value, a year-on rise of 27.7%. The portion of non-cash credits within the bank's commission income was 45% for the period.

Liquid assets with a ratio of 34%, which make up the second biggest asset category after loans, consist of trading financial assets, financial assets available for sale, deposits with other banks, and investment securities such as shares in equities and mutual funds. The ratio of liquid assets to total assets was up 21% compare to last year and such assets amounted to TRY 2,348 million. 91% of the portfolio consists of available for sale portfolio while 77% of it consists of Turkish Lira instruments. The bank's liabilities consist mainly of credit and borrowings, shareholders' equity, and money-market debt.

Short and long term borrowings amounted to TRY 4,404 million. Nearly all of this consists of foreign currency resources secured by the multilaterals. 96.5% of our resources consist of medium and long-term loans. These long-term resources are used to finance the asset-side lending that we engage in. 93% of the total long term funding is also secured by Treasury Undersecretariat guarantees. Despite the effects of global financial conditions in 2009, TSKB, due to its long-lasting, successful commitments with supranational financial institutions, managed to find long-term funds amounted to USD 1,1 billion. By the end of 2009, long-term liabilities (more than 1 year) reached 62% of total liabilities.

In 2009, short term repo funding has also increased by 59%, parallel with the increased liquid assets.

Despite the fact that the borrowing and lending interest rate structures on the assets and liabilities sides are variable and the term structures of resources are longer than those of lendings, the bank suffers from no interest rate or liquidity mismatch whatsoever. Since the currencies of lending are in line with those of borrowings, the bank's exposure to exchange rate risk is close to zero.

At the end of 2009, TSKB's shareholders' equity topped TRY 1,041 million and paralleling this its capital adequacy ratio was 24.9%, well above the legal requirements. The bank has TRY 756 million in free capital, which corresponds to 10.95% of its total assets and consists entirely of liquid assets.

TSKB's pretax profit reached TRY 211 million while net profit amounted to TRY 175 million which is up by 47% year-on-year basis. In parallel, the average return on equity for the year was 19.5% while the bank's return on assets ratio was 2.67%.

Interest received on the bank's lendings in 2009 was up 27.5% year-on. Total interest income during the same period increased 12.9% and amounted to TRY 499 million. Net interest margin was 4.25%.

Interest expenses for the bank's borrowings in 2009 was up 56% year-on. Total interest expense during the same period amounted to TRY 148 million. Total interest expense for the money market borrowings in 2009 was amounted to TRY 96 million.

The Bank, makes a contribution to its profitability with commissions income gained from consulting and other investment banking activities right along with interest earning. New customers were added to the portfolio as a result of trading mutual funds, income from corporate finance activities, boutique banking services specially designed according to customers' needs and new branches in Ankara and İzmir in the investment securities and treasury marketing units and these nourished the growth in commission income.

Other operating expenses which includes the personnel and other operating expenses in 2009 was amounted to TRY 55 million with an increase of 6%. Cost to Income ratio is 17.88% and is far below the banking sector.

At the end of 2009 the ratio of TSKB's interest-bearing assets to total assets was very high 91%. Such a high level is another factor that enhances the bank's debt serviceability. The bank's resource structure is both long-term and sustainable as a result of close and long-term relationships with international organizations and this too may be expected to have a continued positive impact on both the profitability and the debt service ability of TSKB.

Türkiye Sınai Kalkınma Bankası A.Ş.

Information on Risk Policies Based on Risk Types

TSKB Risk Policies and the application principals of these policies consist of written standards which are determined by the Board of Directors and executed by the Executive Management.

Based on TSKB Risk Policies, credit risk, market risk, liquidity risk and operational risk are determined as the fundamental risks the Bank is exposed to. The Risk Management Group is formed in the Bank in order to manage the risks the Bank is exposed to in parallel to the Risk Policies and to have accordance between the Risk Policies and the related application principals.

Credit Risk Policies

Credit risk is the possibility of the credit customer or a party with which it has formed an agreement not being able to fulfil in an appropriate manner the obligations contained in the conditions of the agreement. In addition to the credits granted by the bank, which are the broadest and most visible source of credit risk, there are also risks associated with the counterparties in other banking services. As a result, all related banking activities are evaluated within the scope of credit risk.

Credit risk is measured and managed by taking into consideration the following criteria: the structure of the credit and its special features, the terms and conditions of the credit contract and financial conditions; the structure of the risk profile until maturity in parallel to possible market movements; guarantees and collaterals; internal risk ratings and possible changes in ratings during the risk exposure period; concentrations resulted from granting large credit exposures directly or indirectly to a) a single company b) a group of affiliated companies c) a special industry or sector d) a foreign country or a group of foreign countries which have close economic relations with each other; compliance with the limits set by the Board of Directors to prevent these concentrations.

The Internal Rating Model, which is used in the measurement of credit risk, is applied in an appropriate manner to monitor the credit risk, to control it and to create an early warning system.

Every effort is taken to try to ensure that limits and policies in agreements with foreign and domestic sources do not diverge to a significant degree from the policies and limits set by the Bank. If clauses in the agreements that have been made deviate from the existing policies then they are regarded as being compulsory.

TSKB Risk Management Group participate actively during the monitoring and reporting process related to credit risk and report to the Executive Management and to the Board of Directors. Their duties and responsibilities and structures are determined by the Risk Management Group Regulations.

Market Risk Policies

Market risk is the possibility of portfolio or position loss resulting from fluctuations in interest rates, stock prices, commodity prices or exchange rates on the financial markets. The aim of market risk management is to manage in a proactive manner within appropriate parameters the risks to which the bank might be exposed and maximise the bank's risk-adjusted income.

Market risk is managed by using consistent risk measurements and criteria such as the level of interest/price volatilities and Value at Risk calculations, establishing methodologies appropriate to the implementation of control and bearing in mind compliance with the established risk limits, identifying and being aware of the sources of risk within the organisation's structure and ensuring the provision of accurate information regarding market risk to all levels of the organisation.

Interest rate risk, foreign exchange risk, stock & commodity price risk, and counterparty risk are the fundamental risks which constitute market risk. In order to control these risks in a healthy manner the core principal is to have instruments in money & capital markets such that they do not form a concentration regarding to maturity, currency, interest type and other related parameters and are managed as "well diversified" in accordance to their risk levels.

Two methods are applied for measuring market risk, namely the BRSA Standard Method and The VaR (Value at Risk) Method. The validation of the VaR Method is done by making the backtests, where the calculated daily VaRs are compared with the actual daily profit/losses. Moreover, stress test are applied to VaR results in order to measure the effect of events whose realization probability is low but loss amount could be high.

TSKB Risk Management Group participate actively during the monitoring and reporting process related to market risk and report to the Executive Management and to the Board of Directors. Their duties and responsibilities and structures are determined by the Risk Management Group Regulations.

Liquidity Risk Policies

Liquidity Risk is defined as the risk which occurs when the Bank cannot fulfill on balance sheet and off balance sheet liabilities completely on the maturity date. This includes the case when the Bank does not have enough cash in order to fulfill the cash outflows completely and on time and thus loss occurs.

Türkiye Sınai Kalkınma Bankası A.Ş.

Information on Risk Policies Based on Risk Types

There are two kinds of liquidity risk, one is related to funding for capital markets and trading activities, the other one is related to market. Liquidity risk related to funding is the risk which occurs when investment and funding needs are not fulfilled timely or with a reasonable cost because of inconsistency in the cash inflows. Liquidity risk related to market occurs when the Bank cannot close its positions on time or with reasonable costs because the markets are not deep, have problems, or the bank cannot enter the markets.

It is essential to have maximum diversification regarding to funding sources, markets, instruments and maturities in order to have an effective and sustainable liquidity management.

In liquidity management, a portfolio structure is formed in consistency with the functions of profit making from the portfolio and market risk management. Risk return balance is constantly monitored whereas the liquidity needs are not sacrificed.

Operational Risk Policies

Operational risk is defined as the loss occurring from processes, humans and systems because of deficiencies or faults or mistakes or outside events. Compliance to the laws and ethic standards are also included in this definition.

Operational risks are managed by applying special controls and precautionary measures to the fundamental operational areas of the Bank, by forming a appropriate internal control system and distributing the authorities throughout the Bank, by testing and controlling in detail all the Bank's operational systems, by obtaining a consistency between the internal and external systems and having an independent data backup system.

The Bank respects the principle of segregation of duties in order to reduce the risk of fraud, manipulation or mistakes. The functions which should be separated are determined as (i) starting a transaction, (ii) giving authority and approval, (iii) recording the transaction, (iv) confirming the transaction, (v) reliable custody services, (vi) monitoring and auditing, (vii) upgrading of IT systems and activities of daily operations. It is essential that the transaction data will be recorded in the system by using the IT applications right after the transaction has been made.

Operational risks are measured by applying the "Basic Indicator Approach" method.

Affiliates Policies

The Bank pays attention that the fundamental principles and standards related to the risk management systems and processes are also applied in the affiliates. Consolidated Risk Policies are determined and approved by the Board of Directors. It is essential for the affiliates that these policies are adopted, specified risk management systems and processes are applied in order to have consolidated risk management and to act in consistency with the risk limits set in the group level.

Other Risks

Other risks are Strategy Risk, occurring because of false or ill timed decisions, and Reputation Risk, defined as the reputation loss of the Bank in the eyes of the customers and markets. These risks are mentioned in the Bank's Risk Policies in order to increase the awareness throughout the bank.

Türkiye Sınai Kalkınma Bankası A.Ş.

Credit Ratings

Fitch

On December 2009, Fitch Ratings upgraded TSKB's long-term foreign currency issuer default rating (IDR) to "BB+" from "BB" in line with the upgrade in Turkey's country rating. TSKB's other ratings were affirmed at long-term local currency IDR "BB+", short-term foreign currency and local currency IDR "B", long-term national "AA+" (tur), individual "C/D" and support "3". The outlooks for the LT IDRs and the national rating were changed to "stable" from "positive".

Foreign Currency

Long-Term IDR	BB+
Outlook	Stable
Short-Term IDR	B
Local Currency	
Long-Term IDR	BB+
Outlook	Stable
Short-Term IDR	B

National

Long-Term	AA+(tur)
Outlook	Stable
Individual	C/D
Support Rating	3

These information are based on Fitch Rating's January 8, 2010 dated report.

Moody's Investors Service

On January 8th, 2010 Moody's upgraded TSKB's long-term foreign currency deposit rating to Ba3 from B1. The rating derives from TSKB's sound development banking franchise supported by the bank's healthy financial metrics and strong brand besides its strength in well advanced portfolio and adequate credit risk management. TSKB's local-currency deposit rating was affirmed as Baa2 and the outlooks being stable.

Bank Financial Strength Rating	D+
Outlook	Stable
Bank Deposit Long-Term Foreign Currency	Ba3
Outlook	Stable

These information are based on Moody's Investors Service's January 18, 2010 dated report.

Main indicators and financial information for the most recent 5 years

TRY million	2005	2006	2007	2008	2009
Assets	3,319	4,062	4,883	6,209	6,905
Loan Book	1,789	2,478	2,785	3,884	3,955
Shareholders' equity	550	589	738	750	1,041
Net Profit	98	106	147	119	175
KEY RATIOS	2005	2006	2007	2008	2008
Average return on equity	21.0%	18.7%	22.2%	16.0%	19.5%
Average return on assets	3.5%	2.9%	3.3%	2.1%	2.7%
Capital adequacy ratio	36.8%	32.9%	27.6%	21.1%	24.9%

Independent Auditors' Report, Consolidated Financial Statements and Notes for the Year Ended December 31, 2009

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Independent Auditors' Report for the Year January 1, 2009-December 31, 2009

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

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

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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

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

The Consolidated Financial Report of Türkiye Sinai Kalkınma Bankası A.Ş. for the Year Ended December 31, 2009

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

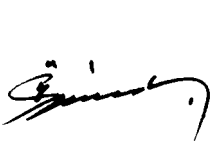
Yatırım Finansman Menkul Değerler A.Ş.
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.
TSKB Yatırım Ortaklığı A.Ş.

Associates

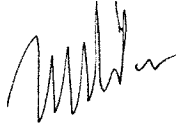
İş Finansal Kiralama A.Ş.
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
İş Factoring Finansman Hizmetleri A.Ş.

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
Chairman of
Board of Directors



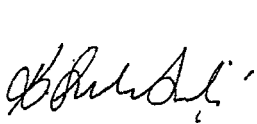
Halil EROĞLU
Member of Board of
Directors and General
Manager



Ömer ERYILMAZ
Executive Vice
President In Charge of
Financial Reporting



Mustafa GÖKTAŞ
Head of Financial
Control Department



Kemal Serdar DİŞLİ
Member of Audit Committee



Murat BİLGİÇ
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

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

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Türkiye Sinai Kalkınma Bankası 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

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.

CURRENT PERIOD	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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	-

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

Title (*)	Name and Surname	Academic Background	Task	Experience in Banking and Management Before Appointment
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 Dişli	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 Dişli	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

Türkiye Sınai Kalkınma Bankası 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.)

Changes Title	Left during the period	Appointed during the period
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.

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	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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.

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Balance Sheet as of December 31, 2009 (Statement of Financial Position)

(In Thousand of Turkish Lira)

ASSETS	Note Ref.	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	632	2.538	3.170	612	2.305	2.917
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	83.458	4.296	87.754	57.194	2.348	59.542
2.1 Trading financial assets		83.458	4.296	87.754	57.194	2.348	59.542
2.1.1 Public sector debt securities		55.894	34	55.928	27.084	48	27.132
2.1.2 Share certificates		19.292	-	19.292	10.444	-	10.444
2.1.3 Derivative financial assets held for trading		7.021	4.262	11.283	18.755	2.300	21.055
2.1.4 Other marketable securities		1.251	-	1.251	911	-	911
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	322.372	33.748	356.120	58.168	155.555	213.723
IV. MONEY MARKET PLACEMENTS		6.171	-	6.171	12.333	7.584	19.917
4.1 Interbank money market placements		168	-	168	334	7.584	7.918
4.2 Istanbul Stock Exchange money market placements		-	-	-	28	-	28
4.3 Receivables from reverse repurchase agreements		6.003	-	6.003	11.971	-	11.971
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.654.412	493.835	2.148.247	1.329.301	431.055	1.760.356
5.1 Share certificates		18.468	2.957	21.425	19.975	2.957	22.932
5.2 Public sector debt securities		1.614.947	350.947	1.965.894	1.289.072	376.194	1.665.266
5.3 Other marketable securities		20.997	139.931	160.928	20.254	51.904	72.158
VI. LOANS	(5)	1.518.554	2.169.835	3.688.389	1.558.859	2.039.973	3.598.832
6.1 Loans		1.518.554	2.169.835	3.688.389	1.558.859	2.039.973	3.598.832
6.1.1 Loans to Risk Group of the Bank		56.429	77.940	134.369	54.454	65.712	120.166
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1.462.125	2.091.895	3.554.020	1.504.405	1.974.261	3.478.666
6.2 Non-performing loans		15.990	5.685	21.675	17.964	7.464	25.428
6.3 Specific provisions (-)		(15.990)	(5.685)	(21.675)	(17.964)	(7.464)	(25.428)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	289.106	-	289.106	6.514	-	6.514
8.1 Public sector debt securities		286.599	-	286.599	4.002	-	4.002
8.2 Other marketable securities		2.507	-	2.507	2.512	-	2.512
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	159.078	-	159.078	120.708	-	120.708
9.1 Accounted for under equity method		150.798	-	150.798	112.428	-	112.428
9.2 Unconsolidated associates		8.280	-	8.280	8.280	-	8.280
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		8.280	-	8.280	8.280	-	8.280
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	379	-	379	379	-	379
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		379	-	379	379	-	379
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES	(10)	271	134.805	135.076	1.182	214.431	215.613
12.1 Finance lease receivables		285	141.568	141.853	1.320	238.711	240.031
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(14)	(6.763)	(6.777)	(138)	(24.280)	(24.418)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	31.870	1	31.871	118.003	5	118.008
XV. INTANGIBLE ASSETS (Net)	(13)	1.909	-	1.909	1.742	-	1.742
15.1 Goodwill		1.005	-	1.005	1.005	-	1.005
15.2 Other		904	-	904	737	-	737
XVI. INVESTMENT PROPERTY (Net)	(14)	205.291	-	205.291	5.415	-	5.415
XVII. TAX ASSET	(15)	25.595	-	25.595	16.156	-	16.156
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		25.595	-	25.595	16.156	-	16.156
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets of discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	101.072	30.814	131.886	44.295	155.798	200.093
TOTAL ASSETS		4.400.170	2.869.872	7.270.042	3.330.861	3.009.054	6.339.915

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Balance Sheet as of December 31, 2009 (Statement of Financial Position)

(In Thousand of Turkish Lira)

	LIABILITIES	Note Ref.	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	-	-	-	-	-	-	-
1.1 Deposits from Risk Group of the Bank		-	-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	7.271	4.707	11.978	17.914	9.022	26.936	
III. FUNDS BORROWED	(3)	87.666	4.311.434	4.399.100	82.202	4.369.038	4.451.240	
IV. MONEY MARKET BALANCES	(4)	1.337.233	46.409	1.383.642	780.574	41.248	821.822	
4.1 Interbank money market takings		98.949	-	98.949	13.834	-	13.834	
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-	
4.3 Funds provided under repurchase agreements		1.238.284	46.409	1.284.693	766.740	41.248	807.988	
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-	
5.1 Bills		-	-	-	-	-	-	
5.2 Asset backed securities		-	-	-	-	-	-	
5.3 Bonds		-	-	-	-	-	-	
VI. FUNDS		-	-	-	11	-	11	
6.1 Borrower funds		-	-	-	-	-	-	
6.2 Others		-	-	-	11	-	11	
VII. SUNDRY CREDITORS		128.963	18.397	147.360	58.540	13.317	71.857	
VIII. OTHER LIABILITIES	(5)	-	-	-	-	-	-	
IX. FACTORING PAYABLES		-	-	-	-	-	-	
X. LEASE PAYABLES	(6)	-	-	-	20	3	23	
10.1 Finance lease payables		-	5	5	23	5	28	
10.2 Operating lease payables		-	-	-	-	-	-	
10.3 Other		-	-	-	-	-	-	
10.4 Deferred finance lease expenses (-)		-	(5)	(5)	(3)	(2)	(5)	
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-	
11.1 Fair value hedge		-	-	-	-	-	-	
11.2 Cash flow hedge		-	-	-	-	-	-	
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-	
XII. PROVISIONS	(8)	96.469	101	96.570	71.680	-	71.680	
12.1 General loan loss provisions		31.682	-	31.682	31.189	-	31.189	
12.2 Restructuring provisions		-	-	-	-	-	-	
12.3 Reserve for employee benefits		4.437	-	4.437	3.826	-	3.826	
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-	
12.5 Other provisions		60.350	101	60.451	36.665	-	36.665	
XIII. TAX LIABILITY	(10)	15.440	-	15.440	17.692	-	17.692	
13.1 Current tax liability		15.440	-	15.440	17.692	-	17.692	
13.2 Deferred tax liability		-	-	-	-	-	-	
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(11)	-	-	-	-	-	-	
14.1 Held for sale		-	-	-	-	-	-	
14.2 Discontinued operations		-	-	-	-	-	-	
XV. SUBORDINATED LOANS	(9)	-	75.343	75.343	-	70.629	70.629	
XVI. SHAREHOLDERS' EQUITY	(12)	1.127.251	13.358	1.140.609	838.070	(30.045)	808.025	
16.1 Paid-in capital		600.000	-	600.000	500.000	-	500.000	
16.2 Capital reserves		68.019	13.358	81.377	29.414	(30.045)	(631)	
16.2.1 Share premium		22	-	22	43	-	43	
16.2.2 Share cancellation profits		-	-	-	-	-	-	
16.2.3 Marketable securities value increase fund	(15)	39.245	13.358	52.603	619	(30.045)	(29.426)	
16.2.4 Tangible assets revaluation differences	(15)	28.378	-	28.378	28.378	-	28.378	
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-	
16.2.6 Investment property revaluation differences		-	-	-	-	-	-	
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-	
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-	
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-	
16.2.10 Other capital reserves		374	-	374	374	-	374	
16.3 Profit reserves		195.737	-	195.737	178.572	-	178.572	
16.3.1 Legal reserves	(13)	57.395	-	57.395	43.809	-	43.809	
16.3.2 Statutory reserves		28.184	-	28.184	22.235	-	22.235	
16.3.3 Extraordinary reserves	(14)	107.238	-	107.238	109.608	-	109.608	
16.3.4 Other profit reserves		2.920	-	2.920	2.920	-	2.920	
16.4 Profit or loss		236.540	-	236.540	105.753	-	105.753	
16.4.1 Prior years' income/losses		(14.734)	-	(14.734)	(15.511)	-	(15.511)	
16.4.2 Current year income/loss		251.274	-	251.274	121.264	-	121.264	
16.5 Minority shares	(16)	26.955	-	26.955	24.331	-	24.331	
TOTAL LIABILITIES AND EQUITY		2.800.293	4.469.749	7.270.042	1.866.703	4.473.212	6.339.915	

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Statement of Off-Balance Sheet Contingencies and Commitments as of December 31, 2009

(In Thousand of Turkish Lira)

	Note Ref.	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		968.073	2.955.363	3.923.436	861.967	1.795.935	2.657.902
I. GUARANTEES AND COLLATERALS	(1)	344.963	371.420	716.383	220.862	346.901	567.763
1.1. Letters of guarantee		268.406	89.355	357.761	220.854	78.428	299.282
1.1.1. Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3. Other letters of guarantee		268.406	89.355	357.761	220.854	78.428	299.282
1.2. Bank loans		-	-	-	-	439	439
1.2.1. Import letters of acceptance		-	-	-	-	439	439
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	180.321	180.321	-	260.512	260.512
1.3.1. Documentary letters of credit		-	180.321	180.321	-	260.512	260.512
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		76.557	101.744	178.301	8	7.522	7.530
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		339.788	520.600	860.388	382.682	412.923	795.605
2.1. Irrevocable commitments		150.526	160.802	311.328	22.958	46.284	69.242
2.1.1. Forward asset purchase and sales commitments		150.526	160.802	311.328	22.958	46.284	69.242
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		-	-	-	-	-	-
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		189.262	359.798	549.060	359.724	366.639	726.363
2.2.1. Revocable loan granting commitments		189.262	359.798	549.060	359.724	366.639	726.363
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	283.322	2.063.343	2.346.665	258.423	1.036.111	1.294.534
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		283.322	2.063.343	2.346.665	258.423	1.036.111	1.294.534
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	3.473	3.473
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	1.708	1.708
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	1.765	1.765
3.2.2. Swap transactions related to f.c. and interest rates		107.972	146.221	254.193	147.275	283.248	430.523
3.2.2.1. Foreign currency swaps-buy		72.943	52.886	125.829	65.990	150.360	216.350
3.2.2.2. Foreign currency swaps-sell		35.029	88.786	123.815	81.285	132.477	213.762
3.2.2.3. Interest rate swaps-buy		-	2.238	2.238	-	203	203
3.2.2.4. Interest rate swaps-sell		-	2.311	2.311	-	208	208
3.2.3. Foreign currency. interest rate and securities options		129.550	251.006	380.556	91.188	168.245	259.433
3.2.3.1. Foreign currency options-buy		64.775	96.428	161.203	65.094	26.902	91.996
3.2.3.2. Foreign currency options-sell		64.775	96.428	161.203	26.094	72.381	98.475
3.2.3.3. Interest rate options-buy		-	29.075	29.075	-	34.481	34.481
3.2.3.4. Interest rate options-sell		-	29.075	29.075	-	34.481	34.481
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	1.643.661	1.643.661	-	514.422	514.422
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	1.643.661	1.643.661	-	514.422	514.422
3.2.6. Other		45.800	22.455	68.255	19.960	66.723	86.683

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Statement of Off-Balance Sheet Contingencies and Commitments as of December 31, 2009
(In Thousand of Turkish Lira)

	Note Ref.	Audited CURRENT PERIOD December 31, 2009			Audited PRIOR PERIOD December 31, 2008		
		TRY	FC	TOTAL	TRY	FC	TOTAL
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.715.569	11.614.412	14.329.981	3.368.749	9.464.611	12.833.360
IV. ITEMS HELD IN CUSTODY		1.748.305	105.445	1.853.750	3.059.591	100.905	3.160.496
4.1. Assets under management		7.513	1.179	8.692	15.152	4.404	19.556
4.2. Investment securities held in custody		375.808	104.266	480.074	1.678.806	96.501	1.775.307
4.3. Checks received for collection		152	-	152	40	-	40
4.4. Commercial notes received for collection		-	-	-	-	-	-
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		4.592	-	4.592	453.021	-	453.021
4.8. Custodians		1.360.240	-	1.360.240	912.572	-	912.572
V. PLEDGED ITEMS		967.264	11.508.967	12.476.231	309.158	9.363.706	9.672.864
5.1. Marketable securities		20	513.643	513.663	16	514.285	514.301
5.2. Guarantee notes		50.475	1.749.049	1.799.524	85.155	1.924.996	2.010.151
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		107.369	3.704.982	3.812.351	121.304	3.434.590	3.555.894
5.6. Other pledged items		809.400	5.541.293	6.350.693	102.683	3.489.835	3.592.518
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3.683.642	14.569.775	18.253.417	4.230.716	11.260.546	15.491.262

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Income Statement for the period ended December 31, 2009

(In Thousand of Turkish Lira)

	Note Ref.	Audited CURRENT PERIOD January 1 - December 31, 2009	Audited PRIOR PERIOD January 1 - December 31, 2008
INCOME/(LOSS) ACCOUNTS			
I. INTEREST INCOME	(1)	503.147	450.076
1.1 Interest on loans		220.609	177.141
1.2 Interest received from reserve deposits		152	652
1.3 Interest received from banks		10.749	10.828
1.4 Interest received from money market placements		98	117
1.5 Interest received from marketable securities portfolio		262.404	243.662
1.5.1 Held-for-trading financial assets		4.179	2.638
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		244.730	240.763
1.5.4 Investments held-to-maturity		13.495	261
1.6 Finance lease income		8.667	16.278
1.7 Other interest income		468	1.398
II. INTEREST EXPENSES	(2)	(245.081)	(198.181)
2.1 Interest on deposits		-	-
2.2 Interest on funds borrowed		(146.471)	(93.020)
2.3 Interest on money market borrowings		(98.206)	(105.040)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(404)	(121)
III. NET INTEREST INCOME (I - II)		258.066	251.895
IV. NET FEES AND COMMISSIONS INCOME/(LOSS)		24.370	16.016
4.1 Fees and commissions received		25.997	17.541
4.1.2 Non-cash loans		3.148	2.197
4.1.3 Other		22.849	15.344
4.2 Fees and commissions paid		(1.627)	(1.525)
4.2.1 Non-cash loans		(3)	(136)
4.2.2 Other		(1.624)	(1.389)
V. DIVIDEND INCOME	(3)	5.084	2.263
VI. NET TRADING INCOME	(4)	15.901	(40.230)
6.1 Securities trading gains/(losses)		15.031	(16.626)
6.2 Derivative financial instruments gains/losses		1.123	(8.927)
6.3 Foreign exchange gains/(losses) (net)		(253)	(14.677)
VII. OTHER OPERATING INCOME	(5)	77.656	13.497
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		381.077	243.441
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(42.517)	(53.882)
X. OTHER OPERATING EXPENSES (-)	(7)	(74.469)	(72.184)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		264.091	117.375
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT/(LOSS) ON EQUITY METHOD		33.762	28.402
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	297.853	145.777
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(36.955)	(29.313)
16.1 Provision for current income taxes		(63.390)	(31.512)
16.2 Provision for deferred taxes		26.435	2.199
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	260.898	116.464
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
18.3 Income on other discontinued operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3 Loss from other discontinued operations		-	-
XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Provision for current income taxes		-	-
21.2 Provision for deferred taxes		-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	260.898	116.464
23.1 Group's profit/loss		251.274	121.264
23.2 Minority shares		9.624	(4.800)
Earnings/(losses) per share		0,435	0,194

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Statement of Profit-Loss Items Accounted for under Shareholders' Equity for the period ended December 31, 2009

(In Thousand of Turkish Lira)

	Audited CURRENT PERIOD January 1- December 31, 2009	Audited PRIOR PERIOD January 1- December 31, 2008
PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	91.297	(41.263)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion of fair value differences)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY AS PER TAS	3.958	(3.855)
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(16.996)	7.707
X. NET PROFIT/LOSS ACCOUNTED FOR DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	78.259	(37.411)
XI. CURRENT YEAR PROFIT/LOSS	3.770	(3.943)
1.1 Net changes in fair value of securities (Recycled to Profit/Loss)	3.770	(3.943)
1.2 Reclassification of and recycling derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Recycling hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X±XI)	82.029	(41.354)

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Statement of Shareholders' Equity for the period ended December 31, 2009

(In Thousand of Turkish Lira)

CHANGES IN SHAREHOLDER'S EQUITY

Audited

	Note Ref.	Paid in Capital	Effect of Inflation on Paid in Capital	Share Premiums	Share Certificate Cancellation Profits	Legal Reserves
CURRENT PERIOD (31/12/2009)						
I. Opening Balance		500.000	374	43	-	43.809
II. Corrections according to TAS 8		-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-
2.2 The effects of changes in accounting policy.		-	-	-	-	-
III. New Balance (I+II)		500.000	374	43	-	43.809
Changes during the period						
IV. Increase/Decrease related to merger		-	-	(29)	-	19
V. Marketable securities value increase fund		-	-	-	-	-
VI. Hedging funds (Effective portion)		-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-
IX. "Bonus shares obtained from associates. subsidiaries and jointly controlled entities (Joint Vent.)"		-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-
XIII. The effect of change in equities of associates on bank's equity		-	-	-	-	-
XIV. Capital increase		100.000	-	-	-	-
14.1 Cash		-	-	-	-	-
14.2 Internal sources		100.000	-	-	-	-
XV. Share issuance		-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-
XVII. The effect of inflation on paid-in capital		-	-	-	-	-
XVIII. Other		-	-	8	-	169
XIX. Period net income		-	-	-	-	-
XX. Profit distribution		-	-	-	-	13.398
20.1 Dividends distributed		-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	13.398
20.3 Other		-	-	-	-	-
Closing Balance (I+II+III+...+XVIII+XIX+XX)		600.000	374	22	-	57.395
PRIOR PERIOD (31/12/2008)						
I. Opening Balance		400.000	16.374	43	-	29.568
II. Corrections according to TAS 8		-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-
2.2 The effects of changes in accounting policy.		-	-	-	-	-
III. New Balance (I+II)		400.000	16.374	43	-	29.568
Changes during the period						
IV. Increase/Decrease related to merger		-	-	-	-	-
V. Marketable securities value increase fund		-	-	-	-	-
VI. Hedging funds (Effective portion)		-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-
IX. Bonus shares obtained from associates. subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-
XIII. The effect of change in equities of associates on bank's equity		-	-	-	-	-
XIV. Capital increase		100.000	(16.000)	-	-	-
14.1 Cash		-	-	-	-	-
14.2 Internal sources		100.000	(16.000)	-	-	-
XV. Share issuance		-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-
XVII. The effect of inflation on paid-in capital		-	-	-	-	-
XVIII. Other		-	-	-	-	-
XIX. Period net income		-	-	-	-	-
XX. Profit distribution		-	-	-	-	14.241
20.1 Dividends distributed		-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	14.241
20.3 Other		-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII+XIX+XX)		500.000	374	43	-	43.809

(In Thousand of Turkish Lira)

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Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

Consolidated Statement of Cash Flow for the period ended December 31, 2009

(In Thousand of Turkish Lira)

STATEMENT OF CASH FLOWS		Audited CURRENT PERIOD January 1- December 31, 2009	Audited PRIOR PERIOD January 1- December 31, 2008
	Note Ref		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		187.119	69.511
1.1.1 Interest received		501.969	434.072
1.1.2 Interest paid		(246.625)	(268.918)
1.1.3 Dividends received		3.558	3.485
1.1.4 Fees and commissions received		25.997	17.541
1.1.5 Other income	(1)	31.963	3.596
1.1.6 Collections from previously written off loans		1.244	3.992
1.1.7 Payments to personnel and service suppliers		(53.401)	(56.412)
1.1.8 Taxes paid		(52.364)	(31.253)
1.1.9 Others	(1)	(25.222)	(36.592)
1.2 Changes in operating assets and liabilities		590.526	226.965
1.2.1 Net (increase) decrease in financial assets		(36.431)	62.765
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.4 Net (increase) decrease in loans		(154.042)	(1.069.647)
1.2.5 Net (increase) decrease in other assets	(1)	69.425	(80.606)
1.2.6 Net increase (decrease) in bank deposits		-	-
1.2.7 Net increase (decrease) in other deposits		-	-
1.2.8 Net increase (decrease) in funds borrowed		660.183	1.345.597
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	51.391	(31.144)
I. Net cash provided from banking operations		777.645	296.476
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(646.991)	(108.441)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	(60)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases	(2)	(81.346)	(33.809)
2.4 Fixed assets sales	(3)	4.299	3.130
2.5 Cash paid for purchase of financial assets available for sale		(567.825)	(79.744)
2.6 Cash obtained from sale of financial assets available for sale		-	-
2.7 Cash paid for purchase of investment securities		(2.651)	(6.205)
2.8 Cash obtained from sale of investment securities		532	-
2.9 Others		-	8.247
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(2.700)	(3.807)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(2.700)	(2.815)
3.5 Payments for finance leases		-	(342)
3.6 Other		-	(650)
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	(253)	(14.677)
V. Net increase/(decrease) in cash and cash equivalents		127.701	169.551
VI. Cash and cash equivalents at beginning of the period	(4)	236.518	66.967
VII. Cash and cash equivalents at end of the period	(4)	364.219	236.518

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries
Statement of Profit Distribution for the period ended December 31, 2009
(In Thousand of Turkish Lira)

	Audited (*) CURRENT PERIOD January 1- December 31, 2009	Audited PRIOR PERIOD January 1- December 31, 2008
I. DISTRIBUTION OF CURRENT YEAR INCOME (**)		
1.1 CURRENT YEAR INCOME	210.553	148.041
1.2 TAXES AND DUTIES PAYABLE (-)	(35.665)	(29.060)
1.2.1 Corporate Tax (Income Tax)	(35.665)	(29.060)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	174.888	118.981
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	5.949
1.5 OTHER STATUTORY RESERVES (-)	-	5.949
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	174.888	107.083
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	30.000
1.6.1 To owners of ordinary shares	-	30.000
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	2.313
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	387
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	66.000
1.9.1 To owners of ordinary shares	-	66.000
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	7.370
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	1.013
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDEND TO PERSONNEL (-)	-	-
2.5 DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	118.981
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	19,83
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES (***)	-	96.000
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	16,00
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) The General Assembly has not been held as of the December 31, 2009 financial statements became precise.

(**) In accordance with the regulations in Turkey, the companies do not distribute consolidated profit. In this respect, profit is distributed on unconsolidated financial statements.

(***) The dividend amount has been distributed to shareholders as bonus shares.

Türkiye Sinai Kalkınma Bankası 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.

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 indebtedness 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.

Türkiye Sınai Kalkınma Bankası 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.)

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.

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.

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.

Türkiye Sınai Kalkınma Bankası 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.)

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.

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.

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.

Türkiye Sinai Kalkınma Bankası 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.)

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.

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.

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.

Türkiye Sinai Kalkınma Bankası 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.)

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.

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.

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.

Türkiye Sınai Kalkınma Bankası 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.)

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.

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.

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.

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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.

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.

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.

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XXI. Explanations on Government Incentives

The Parent Bank doesn't use government incentives.

XXII. Explanations on Segment Reporting

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

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

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

The segmental allocation of the Group's net profit 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 (*)			
	0%	20%	Bank 50%	100%	0%	Consolidated 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 Current Period	Consolidated Current Period	Bank Prior Period	Consolidated 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 related to the components of shareholders' equity:

	Bank Current Period	Consolidated Current Period	Bank Prior Period	Consolidated 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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	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

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.

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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).

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 geographical concentration								
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

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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.

Sector concentration for cash loans

	Current Period				Prior Period			
	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

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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 Financial 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

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.

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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

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

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

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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.

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 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.

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

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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 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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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

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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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.

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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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	Undistributed (*)	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.

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							
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

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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

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	356.120	213.723	356.120	213.723
Money Market Placements	6.171	19.917	6.171	19.917
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.

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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	-
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 unrealized 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.

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

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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).

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.

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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

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).

Türkiye Sinai Kalkınma Bankası A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2009

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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.

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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	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

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

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

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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.

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

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

	III. Group Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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 Loans and Receivables With Limited Collectability	IV. Group Loans and Receivables With Doubtful Collectability	V. Group 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	-	-	-

Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

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

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)	-	-	-

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.

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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
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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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).

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).

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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.

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

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	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/ Loss	Fair Value
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.

	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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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	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	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.

	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.

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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.

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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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.

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.

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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 effecting the overall financial statements, and the reason and conditions for this

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

13. Information on Intangible Assets

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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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).

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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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

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

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

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.

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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

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

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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).

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 financial 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).

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.

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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).

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

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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).

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.

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.

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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

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

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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

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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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 1st and II nd 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	-	-	-	-

Türkiye Sinai Kalkınma Bankası 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.)

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

	Current Period		Prior Period	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Swap Transactions	6.706	(7.492)	249.644	19.345
Interest Rate Swap Transactions	2.758	(2.667)	4.549	20
Forward Transactions	-	-	-	57
Futures Transactions	-	-	1.643.661	-
Option Transactions	1.521	(1.521)	380.556	1.633
Other	298	(298)	68.255	-
Total	11.283	11.978	2.346.665	21.055

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).

Türkiye Sınai Kalkınma Bankası 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.)

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.

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

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.

Türkiye Sinai Kalkınma Bankası 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.)

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)

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.

Türkiye Sinai Kalkınma Bankası 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.)

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.

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).

Türkiye Sinai Kalkınma Bankası 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.)

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).

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

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	-

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2009

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

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.

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.

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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).

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

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.

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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).

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

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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.

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.

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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.

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 Istanbul 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.

Türkiye Sınai Kalkınma Bankası A.Ş.

TSKB Share Performance in 2009

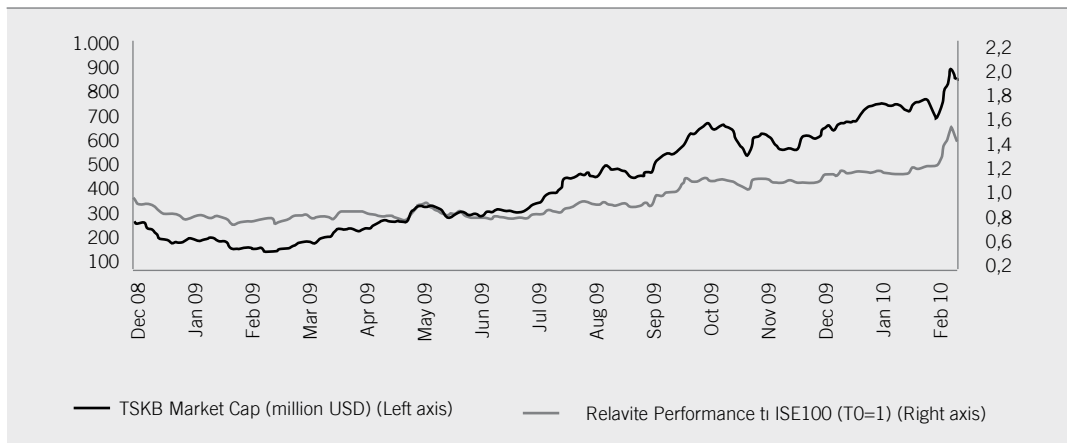
2009 was the bounce back year for stock markets globally after the melt down in asset prices in 2008, during the worst contraction the world faced since the Great Depression. The coordinated efforts in G20 countries in providing liquidity to the troubled financial institutions and the central banks' monetary easing policies stabilised the market conditions globally. Some major economic indicators mainly from the worst hit countries like US and UK started to show some recovery starting from the second quarter of 2009. The stock markets rally observed almost worldwide started in March as the financial sector companies began to post better than expected results after tremendous efforts from governments. The declining interest rates also created a favourable environment for banks globally and in Turkey as well. While the major stock index in ISE surged by 97% in 2009, the banking sector rallied more than 110%. As the dollar depreciated against lira by 2.3% in 2009, the index changes in USD terms are 101% and 118% respectively.

TSKB's market capitalization also soared by 143% in 2009 to USD 734 million. TSKB outperformed the ISE100 index by 21% and the ISE Banks Index by 11.2% in 2009.

TSKB's market value has appreciated further to USD 869 million as of February 17, 2010.

	31/12/2008	31/12/2009	17/02/2010
TSKB market capitalization (USD million)	302	734	869
% change YTD	-54.6	142.9	18.3
Relative Performance to ISE Banks	27.7	11.2	22.1
Relative Performance to ISE100	23.2	20.7	18.2
ISE Banks	36,792	80,371	77,927
% change YTD	-64.4	118.4	-3.0
ISE100	17,653	35,517	35,551
% change YTD	-63.2	101.2	0.1

Source: ISE Daily Bulletin



Note: The relative performance of TSKB shares to ISE100 index shows the performance of shares in the December 31, 2008 - February 17, 2010 period.

Source: ISE Daily Bulletin, CBRT

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