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Türkiye Kalkınma Bankası A.Ş.

2008 Annual Report



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Presentation



Annual Report Favorable Opinion

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

We have already controlled the conformity and the accuracy of the financial information included in the Annual Report of Türkiye Kalkınma Bankası A.Ş, which has been prepared as of the date of 31.12.2008, with the independent auditing report, which has been prepared as of the end of the related period. Annual Report of the Bank, which is the subject matter of this report, is under the responsibility of the Bank Management. As the institution that carried of the independent auditing, our responsibility is limited to present an opinion over the annual report controlled.

Our audit has been conducted according to the legislations concerning the basis and procedures for the preparation and presentation of annual auditing report and independent auditing principles set out by Banking Law No: 5411. These legislations stipulate that auditing be planned and conducted in a way that the auditing report could provide reasonable assurances that the report is free from any misstatement. We believe our audit presents a reasonable basis for our opinion.

In our opinion, the financial information in the accompanying annual report, in all material aspect, accurately reflects the financial situation of Türkiye Kalkınma Bankası A.Ş. as of 31.12.2008 in accordance with the basis and procedures stated in the legislations that is effective due to the 40th article of the Banking Law No: 5411, and includes the Brief Report of Board of Directors and our independent auditing opinion, and complies with the information presented in the audited financial statement.

Ankara, April 2, 2009; 2009/09

Rehber
Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.



Adil ÖNER, Chartered accountant
Responsible Shareholder,
Chief Auditor



2008 Annual Report of Türkiye Kalkınma Bankası A.Ş. Has
Been Prepared in Accordance with the "Regulation on
Principles and Procedures for Preparing and Publishing
of Annual Reports by Banks" Which Was Published by
the Banking Regulation and Supervision Agency.

Abdullah ÇELİK
Chairman and CEO

İrfan TOKGÖZ
Chairman of the Auditing Committee

Özcan TENGİLİMOĞLU
Member of Auditing Committee
Acting Chairman

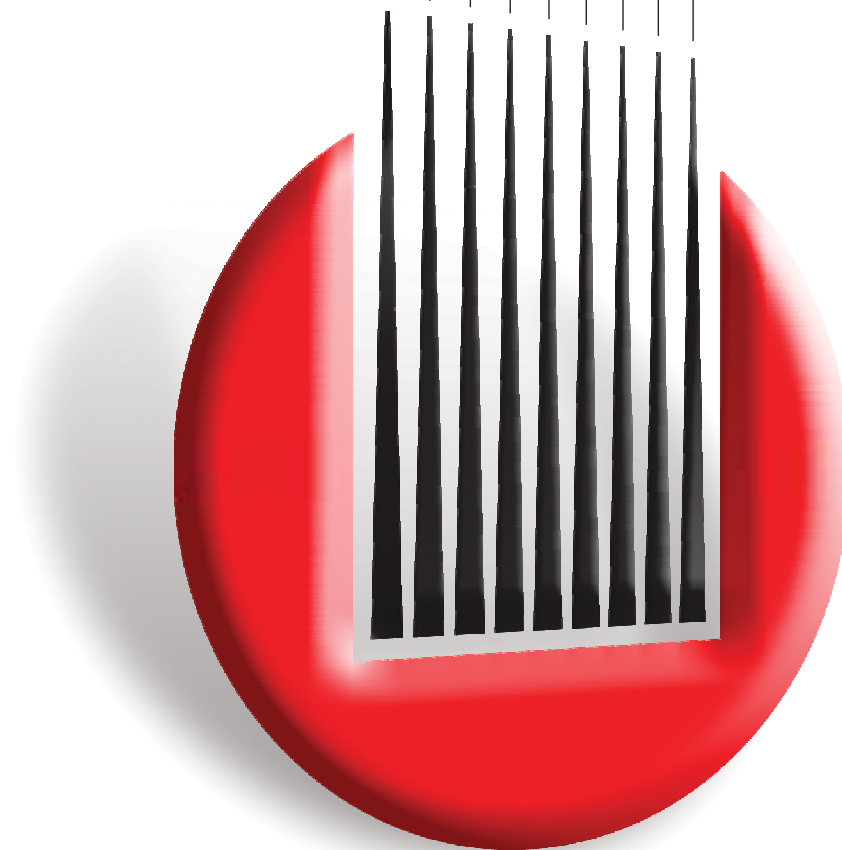
S. Cansel İNANKUR
Deputy General Director
Responsible for Financial Reporting

Asuman AYÖZCAN
Director of Budgeting and
Reporting (A)

Institutional Profile

Our Principles

- Maximal contribution to the development
- Rapid, correct, efficient financing
- Modern development banking
- On each stage to follow the economical, technical, social and cultural development
- High quality service and activities with confirming the standards
- To be hospitable on alternations
- Maximum customer satisfaction and close contact and durability
- To address suitable for each customer group and field of banking services (customer focused)
- Reliability



Our Mission

In accordance with the purpose of achieving development and sustainable growth of the country, the mission of the Bank is;

- By supporting investments of the enterprises incorporated as joint stock company through either providing loans secured from national- international resources, or directly participating into the leader/ model firms,
- By providing technical assistance to the investors,
- By making contribution to the improvement of the capital markets, to increase employment, income and welfare.

Our Vision

As a leading institution for development and sustainable growth, the vision of our Bank is to become a development bank;

- By supporting investments on the basis of region, sector and technology, and financing them efficiently and quickly,
- By supporting investors by strengthening and encouraging them, in addition to giving technical assistance, at the international level.

As a Development and Investment Bank, Our Bank;

- By providing financial supports to the projects aiming at protecting environment,
- By taking into consideration that the projects related especially to industry, tourism, renewable energy and those aiming at improving energy efficiency are environmentally - conscious projects

Makes also contribution to environment protection policies, which are an indispensable component of sustainable development.

In the year 2008, the works aiming at making the bank gain ISO 14001 environmental management systems was initiated.

2008 Brief Financial Information

Selected Indicators	(In Thousand YTL)	
	2007	2008
Loans	398.010	589.070
Total Assets	817.806	1.023.870
Credits Used	325.799	498.334
Equities	458.096	484.158
Total Income	138.143	152.987
Total Expenditures	83.879	107.114
Tax Money	11.176	9.194
Net Profit	43.088	36.679

Selected Ratios	(%)	
	2007	2008
Loans / Total Assets	48,7	57,5
Equity / Total Assets	56,0	47,3
Profit on Equity	9,4	7,6
Profit on Assets	5,3	3,6
Capital Adequacy Ratio	91,2	79,2

Capital and Share Holding

Shareholder	Existing Capital Share	
	(YTL)	(%)
Undersecretary of Treasury	158.530.452,32	99,08
Others (*)	1.469.547,68	0,92
Total	160.000.000,00	100,00

(*) This number includes all real and legal entities. Since these shares are traded at Istanbul Stock Exchange, the number of the shareholder is unknown.

The Chairman and Members of the Board of Directors, Statutory Auditors and the Deputy General Directors are not shareholders of the Bank.

History in Brief

Türkiye Kalkınma Bankası (TKB), which has an important place in the process of the development of our country due to the mission it represents, originally was founded, pursuant to the Decree dated 27.11.1975 and numbered 13, which was issued under authority given by the Authorization Code Nr. 1877, as a Joint Stock Company and as a development and investment bank operating under the rules of private law, and with the name of State Industry and Laborer Investment Bank (DESIYAB).

The Bank was reorganized, in terms of both structure and activities, according to the Decree dated 14.11.1983 and numbered 165. Then, by the Decree dated 15.07.1988 and numbered 329, the name of the Bank was changed as "Türkiye Kalkınma Bankası A.Ş.". And then, with this revision, it became possible for the Bank to finance other economical sectors in addition to industry.

After the TR Turizm Bankası A.Ş. (TR Tourism Bank CO) was taken over with its all assets and liabilities according the Resolution of High Planning Board dated 20.01.1989 and numbered 89/T-2, tourism sector was also added to the activity area of the Bank. Some of the provisions of Articles of Association of the Bank was modified/changed by the Decree dated 12.02.1990 and numbered 401.

The Bank's establishment law, numbered 4456, was put into effect by the National Assembly on the date of 14.10.1999 and was published in the Official Gazette dated 17.10.1999 and numbered 23849. With this law entering into force, the Decrees numbered 13, 165, 329, and 401 were abolished. Except the provisions of this law, the Bank is subject to rules of the private law, and it is a Joint Stock Company, as well as an investment bank having legal entity. And, it directly reports to the Prime Ministry.

Türkiye Kalkınma Bankası (TKB) has an important place in the process of the development of our country due to the mission it represents,



The Message from the Chairman and Ceo

By applying the principle of choosing the right investor and right investment subject, and by providing the investment with a finance having the most appropriate terms, our Bank continues to assume an active role on financing the investments that the country are in need of.



Abdullah ÇELİK
Chairman and CEO

The financial crisis of which initial signals emerged in 2007 gradually deepened in 2008 and turned out to be a global crisis affecting the real sector. Almost all countries, primarily the developed ones, which put into practice economic stimulus packages in order to fight against the crisis, try to minimize the adverse effects of the crisis by taking measures, which are targeting both real sector and household, in order to improve public confidence to economy and to increase employment, and to stimulate investments, and to strengthen the financial sector.

One of the basic properties of the year 2008 was that this year was the year in which intense discussions over the necessity of new architecture for the world financial system began. It is considered that the financial system, which was one of the major factors of that the economic crises emerged and spread out, will give, from now on, much more importance to the basic functions of the banks, and put limits on the use of financial derivative instruments of which roles went beyond the reflections of the banking activities on real life. In this sense, the importance of development banks, of which basic roles are to provide medium and long term financial sources to real sector and to financially support them until they complete their investments, will increase much more.

Being aware of that basic role of the banking is to mediate between fund suppliers and those who are in need of financial sources, our Bank gives great importance, in its lending activities, on transferring the funds provided from the international markets to the investments, which are productive, profitable and creating value added, in the country. In this regard, the year 2008 became, from our Bank's point of view, one of the years in which great steps have been taken in order to improve lending activities of the Bank. In the year 2008, increase in external sources was realized as 53 percent whilst increase in loans was 48 percent. Our Bank keeps having active role on financing the investments needed by the country by applying its basic principle, which envisages that bringing together the right entrepreneur and the right investment subject and to provide them with most appropriate financial source is crucial.

Since the year 2006 when the restructuring works began, our bank has specified its basic objective as achieving a healthy and balanced growth by giving importance to the lending activities and by applying a policy of controlled risk without taking speculative risks. In this connection, we created a lending mechanism, which gives great importance to credit marketing, and evaluating credit applications in an effective and fast manner, and it is investor- oriented, which means that it aims at determining the needs of the investors

The year 2008 became, from our Bank's point of view, one of the years in which great steps have been taken in order to improve lending activities of the Bank. In the year 2008, increase in external sources was realized as 53 percent whilst increase in loans was 48 percent.

and meeting their needs as soon as possible. In this period, it has been made possible, through making investments on both human resources and technological infrastructure, that the Bank has owned the capacity of meeting both current and future needs of the market.

The 54 percent increase in the interest income figure, which is the indicator of the performance of our Bank on its basic activity area, in 2008, in comparison to the previous year, is considered as a product of our breakthroughs on this field.

In the scope of apex banking exercise, which we initiated in 2007 as a component of our growth strategy, all lending operations were completed in 2008, and in 2008 a new apex agreement has been signed. We are still working on providing new sources to continue similar practices in this scope for the year 2009 and the years coming. Apex banking practice very complies with our strategic objectives because of that our Bank has an advantage of securing funds with reasonable costs and it is very cost effective for our Bank to make these funds reach the Small and Medium Sized Enterprises via commercial banks which own common network of branches.

The year 2008 has become a successful year for our Bank. Compared to the previous year, our assets have increased to 25 percent, and the ratio

of the loans over total assets have increased to 58 percent. The quality of the Bank's assets has been improved by allocating money to all claims under legal proceedings, and the profit of the Bank in 2008 was materialized as 37 million YTL. Our bank has also improved its performance on its direct payments to the companies. In this regard, the loan payments in 2008 have reached the level of 240 million YTL, which means 28 percent increase in comparison to the level of 2007, which was 188 million YTL. When it is taken into consideration that all growth figures given here are above the level of inflation rate in 2008, it can be easily understood that our bank has continued to grow and to expand its volume of activity in a stable manner.

The objective of our bank, in 2009, in order to meet the needs of the investors better, is to improve its composition of sources and to create alternative sources for new placements. Since our basic strategy in securing new financial sources is to establish parallel with the needs of the real sector, our activities on the fields of energy efficiency and renewable energy will increase in the years coming. In addition, we will continue to improve our position in terms of source diversity in order to meet the needs of the Small and Medium Sized Enterprises having activity on other sectors as well. Since we are taking care of securing long term and low cost loans, and give

The interest earnings of the Bank increased by 54% in 2008 with respect to the previous year, so that our Bank has reached to a high quality revenue structure.

Since our basic strategy for providing financial sources is to establish parallel with the needs of the real sector, we will give utmost importance, during the years coming, to the activities related to the enewable energy and energy efficiency.

importance to the sustainability of the sources, our source searching activities have mainly been intensifying on international and / or multi national investment banks. In this regard, the funds that have already been secured for the year 2009 have the specifications, with their favorable interest rate and term conditions, of meeting the needs of the companies in real sector and helping them cope with the current difficulties with minimum loss.

In addition to this, our work continues in order to expand, with new participations, the fund having 150 million Euros as initial capital, established by Istanbul Venture Capital Initiative (IVCI), of which we are one of the founders together with European Investment Fund in accordance with our objective of introducing the international venture capital practices, which is considered an alternative vehicle to finance the real sector, to the country. It is targeted that the first concrete results will be taken in 2009.

Our bank gives great importance on financing of environmental projects, in the scope of fulfilling its responsibility of creating a country, for new generations, that is both developed, and having a healthy environment. And, it supports the energy investments the country needs, and investments on renewable energy, as well as investments that are respectful to the environment. In addition, the works for making the Bank own ISO 14001 Environmental Management System was initiated in 2008.

In the year 2009, in which, we consider, both world and Turkish economy will be picking up, our Bank will continue to make use of its financial sources and human resources, which are being strengthened through continues training, to the investors in the real sector by giving priority to finance the investments having high competition power, and creating value added and employment.



Abdullah ÇELİK
Chairman and CEO

The Developments in the World and Turkish Economy in 2008

The interests of the foreign investors in the Turkish economy exhibited a fast increase after that a date for the negotiations, between Turkey and EU was established, for full accession of Turkey to EU, and the foreign capital inflow accelerated upon that the negotiation actually started on date of October 3, 2005.



The Developments in the World Economy

The belief of that the world economy is experiencing the worst financial crisis since the Great Depression occurred in 1930 is getting more and more common. The world economy, which grew 5.2% in 2007, has entered into a fast contraction period right after a strong growth performance it exhibited during the last years. It is estimated that the world economy might have grown only 3.4% in the year 2008. Global economic activities has started to shrink with the effects of financial shock, which occurred at August 2007, as a result of the collapse in sub-prime mortgage markets in the USA, at one hand, and with the adverse effects of high commodity (agricultural products and minerals) prices and energy costs, on the other. As of 2008, many developed economies are very close to a depression or heading toward a depression and growth performances of the developing economies are losing power. What is striking here is that the decline recently observed in global economic performance came after a period in which developing economies were integrating into the world economy and global economy was expanding. Incoherent macro economic policies and deregulation practices made the global economy go faster than that it affords and laid the foundation for the crisis by creating instabilities in the financial, housing and goods markets. Many large scale financial institutions operating in the USA and Europe came face to face with bankruptcy, and stock exchanges and commodity prices collapsed and the markets became highly volatile. In October 2008, financial crises got deeper with the effect of additional collapses in the stock exchanges of the both developed and the developing countries.

With the effect of the financial crises in question, the growth rate predictions for the USA economy has been revised to the level of 1.1%. On the other hand, the Euro region, which is a global economic power, is estimated to have grown only 1,0 % in 2008. And, it is also estimated that the economy of UK grew 0.7% and Japan economy declined 0.3%. In the developing Asia, China continued to grow in 2008 and materialized a growth rate of some 9%. It is estimated that India, which is another rising economy in the world, is expected that it might have completed the year with a growth rate of 7.3%.

In the year 2009, it is predicted that the world economy will grow only 0.5% while the developed economies will decline some 2,0% and rising and developing economies will grow 3.3%. The growth estimate in 2009 for the US economy is negative directed 1.6%. And, the same rate for Euro region is also negative directed and 2.0%.

Throughout the year 2008, the prices of oil and other goods exhibited severe ups and downs. The imbalances between supplies and demands made also contribution to the fluctuations in question. Food prices- especially price for rice- made a sever jump at the beginning of the year 2008 and caused a food crises in approximately 40 developing countries. The price of oil also increased by 50% in the first half of the year. The collapse in values of financial instruments led the investors to the commodity markets, and this became the major factor behind the increases in commodity prices. Nevertheless, the trends turned back around the middle of the year 2008. Oil prices dropped to the level of 40.35 USD on

December, by 73% decrease, from its climax it reached on July.

The trade volume in the world started to decrease severely. So, its role as being a major pushing factor behind the global economic growth during the last years became to diminish in parallel to the decrease in the volume. It is estimated that the volume of the world trade, which increased by 6.3% in the year 2007, has diminished by 4.4% in 2008 as a result of the decrease in imports of the USA. It is remarkable that this figure is almost half of the figure of 8.6% that was materialized in the period of 2004- 2007. It is estimated that this decline will continue during the year 2009 in compliance with the estimates that the volume of the exports in the world will decrease by 2% as a result of the global economic recession.

It is highly possible that global economic crises will eradicate the improvements in employment that was achieved during the last years, and the employment will continue to decrease considerably in many regions of the world during the year 2009.

The slowdown in the real economy and low commodity prices alleviated the inflationist pressures. However, indicator inflation rates - especially in rising and developing economies- increased in 2008. The food prices were the major factor behind these increases. The contribution of energy prices was felt more effectively in the developed economies. It is predicted that indicator inflation rates in the developed countries will drop to the considerably low level of 0.3% in 2009 from the level of 3.5% in 2008. These rates for rising and developing economies are 9.2% and 5.8% respectively.

The volatility in foreign exchange markets also increased in 2008 with the effect of global financial crisis. US Dollar considerably lost its value in respect to major currencies primarily to Euro in the first half of 2008, but later this trend turned rapidly back. The tendency of gaining value of the currencies of the developing countries in respect to US Dollar either turned back or this tendency decelerated. Especially the currencies of many countries that are exporting goods to the USA have lost their values considerably in respect to US Dollar starting from the middle of the year 2008.

It is estimated that flow of direct foreign investment reached the level of 1.6 trillion US Dollar as of the end of 2008. The global economic slow down and the financial disorder had different impacts over the flow of direct foreign investments for three different groups of countries. While the decreases observed at developed countries were more evident, many developing countries continued to attract foreign direct investments. It is expected that flow of direct foreign investments to the rising economies of Europe, to the countries in the Middle East and to Africa will gain some momentum in 2009.

The various measures are considered to alleviate or completely eradicate the effects of the crisis. The governments of both developed and developing countries have started introducing various financial stimulus packages with the purpose of preventing the crisis to transform into another Great Depression. However, it is quite difficult to predict whether these measures work or not. Even the most optimistic estimates indicate that it will be quite difficult for the world economy to recover before 2010.

The Developments in the Turkish Economy

The three year stand-by agreement signed on May 2005 with IMF expired as of May 2008. However, taking into consideration the crisis affecting the world economy, the economy management is now considering to sign a new stand- by agreement with IMF in order to alleviate the adverse effects of the crisis over the economy.

Turkey, with its average growth rate of 7% per annum, is among the OECD countries that materialized the fastest growth during the period of 2001- 2006. The economy, which expanded 6.9% in 2006, grew only 4.6% at the end of 2007. And, with the adverse effects of the global economic crisis, of which impacts are felt more and more each day, the first nine month growth rate in 2008 was materialized as 3%. The contractions in manufacturing industry and construction sector, which started at the second quarter of the year 2008, had decisive roles over the decrease in growth rate in question. When we take into consideration the statistics of foreign trade, employment, production index and capacity usage, we can easily estimate that this tendency has continued during the last quarter of 2008. It is also estimated that annual growth rate as of the end of the year was materialized below the level of 3%.

Annual inflation rate was 9.65% in 2006 and it became, by gradually decreasing, 8.39% in 2007. However, these rates were still quite high comparing to the target of 4% set by the Central Bank. At the end of the first six months of the year 2008, CPI and PPI were materialized as 10.61%

and 17.03% respectively, and those rates became 10.06% and 8.11% respectively as of the end of December. It is considered that both decreases in energy prices, and declines in domestic and external demand were the major factors behind the decrease in the inflation rate. Having positive expectations that decreases in interest rates will also make contribution to decrease in inflation rates both in the medium and long term, the Central Bank has set the inflation rate targets for the year 2009, 2010 and 2011 as 6.8%, 5.8% and 5.2% respectively.

The interest of foreign banks in Turkish banking sector has risen due to the expectations of macroeconomic stability and "EU rapprochement". Some of the important mergers and take- over operations that have been realized recently in Turkish banking sector are BNP Paribas- Turkish Economy Bank, Koç-Uni Credito and Yapı Kredi Bankası, Garanti Bankası- General Electric Consumer Finance, Finansbank- National Bank of Greece, Akbank- Citibank, Dexia and Denizbank, and ING-Oyakbank and the Dışbank from Fortis. The share of foreign banks in Turkish banking sector reached 42% in 2008 while it was only 5% in 2004.

A quite big amount of tax income and delayed tax receivables, which exceeds expectations, have been collected from the privatized companies in the years 2006 and 2007. This amount has been used for financing expenses for health and new investments. On the other hand, the primary surplus in the budget at the end of the year was realized as 33.6 billion YTL, which is 88.4% behind the figure targeted.

In May 2008, as a component of the policies aiming at alleviating unemployment problem, which is one of the most important socio-economic problems of the country, a resolution, which was named as "Employment Package", envisaging reducing the employers' share in social insurance premium payments by 5 points was approved by the parliament. As of November 2008, unemployment rate was calculated as 12.3% by Turkish Statistical Institute (TSI). This rate indicates 2.2% increase in the rate comparing to the same period of the previous year. In this period, the labor force participation rate became 48.4%. It is expected that unemployment rate will become a couple of percent over 10% as of the end of the year.

According to the data produced by TSI, the export revenues increased to the level of 132 billion dollar by increasing some 23.1 % comparing to the value of the previous year, and the value of import increased to the level of 201.8 billion dollar by increasing 18.7% as of the end of 2008. At the same period, the trade deficit increased to the level of 69.8 billion dollar by increasing 11.2% over the value of 62.8 million dollars. On the other hand, export/ import ratio, which was 63.1% in 2007, increased to the level of 65.4% in 2008. The high share of EU countries in export revenues continued. Comparing to the previous year, the export revenues originated from the exports to EU countries reached to the level of 74.8 billion dollars by 9% increase. The share of EU countries in total export revenues became 37%.

As of the end of 2008, the current deficit became 41.4 billion dollar, which indicates 8.4% comparing to the value of the previous year. The current deficit totally resulted from the foreign trade

deficit. And, the other net investment items, of which shares in financial account reached to the level of 69%, had a major role in financing this deficit. With the effect of global economic crisis, the net portfolio account showed a deficit of 4.8 billion dollars. As a result of all these developments, the balance of payment resulted in a deficit of 2.8 billion dollar. It is estimated that the ratio of the current deficit over GDP will remain around 6.4% both in 2008 and 2009.

The interest of foreign investors in Turkish economy increased quite fast right after when a date for the beginning of the negotiations for Turkey's accession to the EU was set, and the speed of foreign investment entries accelerated especially after the negotiations started on the date of 3 October 2005. According to the data on the World Investment Report (WIR), in 2007, Turkey's rank in the list of the countries having most foreign investments realized as 23rd. This means that Turkey dropped in the list by six steps comparing to the previous year. As of the year 2007, Turkey's share in total foreign direct investments (FDI) in the world was realized as 1.2%, and its share in direct foreign investments that was directed to the developing countries was 4.4%.

In the year 2008, in which the unsettled situation of the world economy and the turbulences in the financial markets continued, and the foreign investors had a preference to take the position of so called "wait and see", the direct foreign investments in Turkey realized as 15.1 billion dollar so that it caught up the target. Under the light of the estimation that the current economic recession can continue a couple of years more, it is considered that it would be difficult to catch up

the targets of the year 2009, which is set as 12- 15 billion dollars.

According to the poll carried out by UNCTAD in order to determine the tendencies of multinational companies between the period 2008-2010, Turkey is among the 15 most favored countries to invest. On the other hand, in 2008 by taking into consideration the exchange rate fluctuations, imbalances in foreign trade figures, and tendency of increases in interest rates because of inflationist pressures, it is considered that the foreign investors will be more cautious in making investments in foreign countries.

When the developments in global economy are evaluated, it is obvious that the major issues to fight against for both Turkish and the world economy in the period coming will be economic growth, and its potential results (such as reduction in demand, production, unemployment etc.)

Türkiye Kalkınma Bankası, the Scope of Activity Areas and its Position in the Banking Sector



The objectives of the Bank, according to the Law No. 4456 that sets the establishment, are to extend loans to and participate in, by providing loans and operational support based on the criteria of profitability and efficiency, joint stock companies, and to channel domestic and international savings into investments directed to development, and to contribute the improvement of the capital market, and to finance domestic, foreign and joint venture type of investments, and to carry out all kinds of development and investment banking operations for the development of Turkey.

Financial- Functional Performance (2004 - 2008 Period)

(% Shares)	Turkish Banking System				
	2004	2005	2006	2007	2008
Liquid Assets	34.2	36.3	34.7	32.3	23.7
Loans	32.7	38.6	44.0	49.4	50.6
Loans Under Follow Up (Net) / Loans	0.8	0.5	0.4	0.5	0.8
Other Assets	33.2	25.2	21.3	18.4	25.7
Total Assets	100	100	100	100	100
External Resources	85.0	86.5	88.1	87.0	88.2
Deposits/ External Resources	73.4	73.9	69.9	70.6	70.3
Loans Received / External Res.	13.0	12.7	16.1	14.1	14.3
Other External Res./ Ext. Res.	6.8	13.4	14.0	15.3	15.3
Shareholders' Equity	15.0	13.5	11.9	13.0	11.8
Total Liabilities	100	100	100	100	100
Net Profit for the Period/ Total Assets (%)	2.1	1.4	2.3	2.6	1.8
FX Assets/ FX Liabilities (%)	90.1	90.4	87.7	84.3	87.0
Real Asset Growth (%Increase)	22.7	29.5	25.9	16.4	26.0
Interest Margin (Million USD)	13.192	13.016	15.099	22.470	20,325
FX Margin (Million USD)	342	511	-1,201	1,434	-1,050
Total Assets (Million USD)	229.319	282.420	355.512	501.531	481,501

(% Shares)	Development and Investment Banking				
	2004	2005	2006	2007	2008
Liquid Assets	41.4	28.1	42.3	43.0	38.6
Loans	47.1	60.0	47.0	47.6	51.1
Loans Under Follow Up (Net) / Loans	0.4	0.1	0.1	0.1	0.1
Other Assets	11.6	12.0	10.8	9.4	10.3
Total Assets	100	100	100	100	100
External Resources	54.6	51.4	50.7	52.6	53.6
Deposits/ External Resources	0.0	0.0	0.0	0.0	0
Loans Received / External Res.	52.4	55.8	56.6	51.8	58.4
Other External Res./ Ext. Res.	34.3	44.2	43.4	37.2	41.6
Shareholders' Equity	45.4	48.6	49.3	47.4	46.4
Total Liabilities	100	100	100	100	100
Net Profit for the Period/ Total Assets (%)	2.8	5.3	4.8	4.6	4.0
FX Assets/ FX Liabilities (%)	108.0	96.4	94.6	80.7	80.6
Real Asset Growth (%Increase)	10.3	13.6	19.3	23.1	21.5
Interest Margin (Million USD)	758	597	689	1,001	988
FX Margin (Million USD)	-22	12	-92	-33	44
Total Assets (Million USD)	8,476	9,154	10,918	16,290	15,076
The Shares in Total Assets (%)	3.70	3.24	3.07	3.25	3.13

(% Shares)	Türkiye Kalkınma Bankası A.Ş.				
	2004	2005	2006	2007	2008
Liquid Assets	43.7	48.3	49.0	41.9	32.6
Loans	41.2	40.8	37.7	48.7	57.6
Loans Under Follow Up (Net) / Loans	6.5	0.0	0.0	0.7	0.0
Other Assets	15.0	10.9	13.2	9.5	9.8
Total Assets	100	100	100	100	100
External Resources	24.3	33.1	39.2	44.0	52.7
Deposits/ External Resources	0.0	0.0	0.0	0.0	0
Loans Received / External Res.	30.8	53.9	52.0	59.9	68.5
Other External Res./ Ext. Res.	69.2	46.1	48.0	40.1	31.5
Shareholders' Equity	75.7	66.9	60.8	56.0	47.3
Total Liabilities	100	100	100	100	100
Net Profit for the Period/ Total Assets (%)	3.5	3.8	17.7	5.3	3.6
FX Assets/ FX Liabilities (%)	300.2	144.3	117.7	108.8	102.9
Real Asset Growth (%Increase)	20.6	33.3	28.1	-7.5	25.2
Interest Margin (Million USD)	34	26	45	72	55
FX Margin (Million USD)	2	-4	8	-3	5
Total Assets (Million USD)	389	491	632	707	683
The Shares in Total Assets (%)	4.57	5.36	5.76	4.33	4.53

2004 values are the values that are recalculated in line with inflation accounting whereas values of 2005, 2006, 2007 and 2008 are the current values.

Türkiye Kalkınma Bankası have reached at the past 4 years a performance over the performances of other banking groups in 2008

It is seen from the table that Turkish banking sector grew by 26% in the basis of TL, and its total assets reached the value of 481.5 billion US dollars. At the same period, Türkiye Kalkınma Bankası reached an asset growth rate of 25.2% while the growth rate of development and investment banks became 21.5%. Whilst the development and investment banks failed to catch up their performances in the year 2007, Türkiye Kalkınma Bankası achieved a growth performance, in parallel to that of the overall banking system, quite over the performance of the year 2007. Especially, the assets growth rate that incidentally realized as 28.1% in 2006 due to the share selling at that year dropped by 7.5% in 2007 because of that the high profit amount originated from the share selling was transferred to the Undersecretary of Treasury, which is the main shareholder, in that year. In spite of some incidental occurrences, it is seen that, when average growth rates of the last four years are compared to each other, the performance of the Bank, which is 19.8%, is a little bit over the performances of the development and investment banks in total, which is 19.4% in average. Because of this, while the shares of development and investment banks in Turkish banking system regresses, the share of Türkiye Kalkınma Bankası AŞ in the development and investment banks in total increased to the level of 4.5%.

When the developments on the field of asset profitability are evaluated, it is seen that the profitability levels of all banking groups in 2008 decreased. The profitability levels of development and investment banks, which in general have higher asset profitability level than that of the Turkish banking system, realized as 4% by decreasing 0.6 points. While Türkiye Kalkınma Bankası reaches to 3.6% asset profitability, the asset profitability of Turkish banking system remained at the level of 1.8%.

Although the share of liquid values as a component of assets is eroded, it is observed that the share of loans, which is an indicator of functional performance, continues to increase. Türkiye Kalkınma Bankası that achieved to increase the share of the loans in assets to the level of 57.6% has succeeded a performance in 2008 better than that of the other banking groups and its own performance during the last four years. It is possible to say that the placements to the Securities Held to Maturity, which is a component of Other Assets, and is not considered as liquid value, increased in 2008 so that in spite of the liquid values decreased, any erosion on the placements to the securities did not occur.

It is estimated that the reflection of the economic crisis, which deepened in 2008 and its effects is expected to continue in 2009, over Turkish banking system will be in the forms of contraction

of lending possibilities and increase in the resource cost in parallel to increases in interest rates. When we take into account the economic recession stemming from the global economic crisis, and the potential decrease in volume of demand for credits together with increase in resource costs, it seems possible that ratios of credits under follow up will increase in the period ahead because of that credit portfolio will get shrunk and the system will have difficulty in collecting the receivables originated from the loans extended.

In this structure, the distinctive feature of Türkiye Kalkınma Bankası was that it achieved a ratio of loans/ total assets bigger than the average value of whole system by exhibiting a performance over the average performance of Turkish banking system in spite of the economic recession that started in 2008. At the same time, it is understandable that our bank will be less affected from the potential increases in costs comparing to the system as a whole because of the fact that our bank intensively worked together with international development and investment banks for extending credits. When the development in the year 2008 is evaluated as a whole, it is seen that Türkiye Kalkınma Bankası remarkably increased its share in the total credits extended although the share of the same item remained almost same at the level for the whole Turkish banking system.

Türkiye Kalkınma Bankası transferred its profits resulted from the selling of its shares at Erdemir to the Undersecretary of Treasury. This decreased the share of liquid assets which incidentally increased at the time when those shares were sold. Since credit portfolio increased quite fast in 2008, loan extending activity, which is the primary duty of the Bank, came forward once again.

In financing the real sector in Turkey, the development and investment banks, which mainly focus on medium and long term credits, are of more importance comparing the commercial banks, which mainly focus on short term loans. As of 2008, the share of development and investment banks in Turkish banking system was only 3.1%. This can be considered that the real sector has very limited chance to get finance. However, Türkiye Kalkınma Bankası, which exhibited high performance during the recent years, and increased the shares of credits over total assets, made quite good improvements in fulfilling its duties in field of financing the real sector. Türkiye Kalkınma Bankası will continue to play an important role in financing the real economy by using its advantages of both having good relations with international institutions that it developed during the long period of time and its experiences in loan extending operations.

Türkiye Kalkınma Bankası has been carrying out its duties for financing the real sector in a fast manner.

Activities

Our Bank maintained its activities in 2008 according to its balanced and healthy growth strategy, in accordance with its own vision and mission, and by taking the successful international development banks as role models, and by refraining from taking speculative risks.



Being aware of its responsibilities as a state owned development and investment bank, and believing in that the development of the country can be achieved only by providing financial supports to the competitive investments that create employment and value added, and that the diminishing of the developmental differences between the different regions is one of the most important component of the policy for balanced and sustainable development, and being aware of that it is important to reach more investors by introducing new products and new financing policies in order to have a bigger client portfolio, which makes it possible to keep the risks under control, our Bank has maintained its activities. These are given below under separate headlines.

In addition, our Bank continued distributing its research reports, in which economic developments, risks and opportunities at both country and the world level are examined, to its business partners as digital documents via internet.

In this contend, the major activities of our bank in the year 2008 are briefed below.

Lending and Resource Development

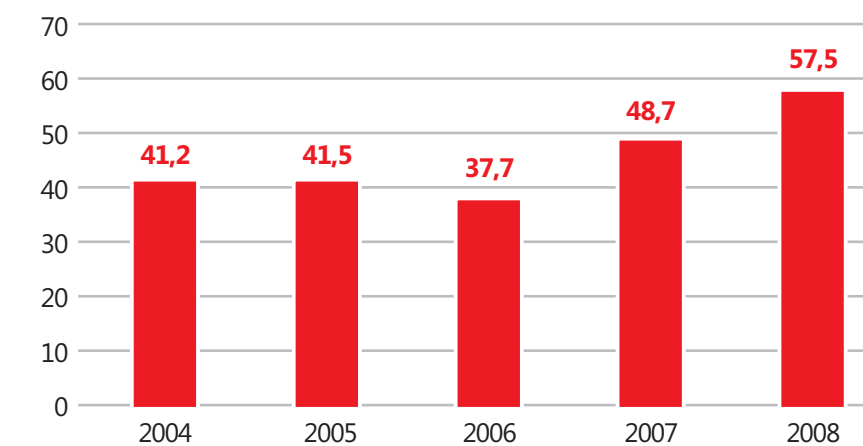
Lending is one of the major tools for the Bank in order to fulfill its responsibilities in the scope of making contribution to the development of the country. The framework of the lending activities is determined by the Development Plans, the mission and vision of the Bank, and Annual Business Programs. The lending activities of the Bank are mainly intensified in industry, services and energy sectors.

In pursuant to the law establishing the Bank, the Bank finance only enterprises incorporated as Joint Stock Company. The projects are evaluated, according to the international criteria and

standards, from technical, sectoral and financial point of views and the project evaluation reports are prepared. The site visits are carried out at evaluation, credit opening, and the implementing stages so that all developments are kept under surveillance.

In spite of the global crisis and the severe competition in the banking sector, the Bank placed great importance, in 2008, on client oriented marketing activities via participating in fairs, and by establishing institutional cooperations with professional organizations (such as TOBB, the managements of organized industrial zones), and on participating in the meetings where the needs of industrialists are discussed. As a result of this policy, share of the loans in assets continuously increases since 2006.

Total Loans/ Total Assets (%)

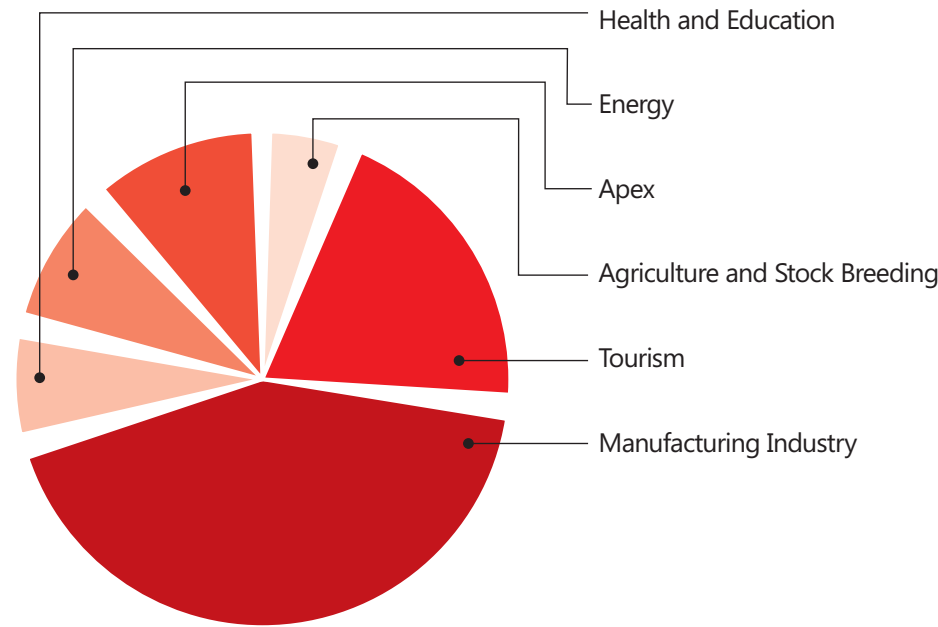


With the contribution of marketing activities that are carried out in an active manner, and by giving priority to meeting the needs of clients, the loan

placements in 2008 reached to 240 million YTL by an increase of 28 percent in comparison to the value of the previous year.

Sectors	Payment (Thousand YTL)	
	2007	2008
Tourism	63.306	58.383
Manufacturing industry	76.567	105.945
Education, health	19.746	23.336
Energy	25.658	26.341
Finance		20.000
Agriculture and stock breeding	2.750	6.395
Total	188.027	240.400

In our lending activities in 2008, the manufacturing industry maintained its share with 45 percent and this was followed by tourism and energy with the percentages of 25 and 11 percent respectively.



Our Bank acts as a mediator between Eximbank and Turkish exporters who secure Pre- Shipment Exporting Credits from this bank.

Our credit sources mainly are composed of the funds having interest rate and term advantages which are provided from the international institutions such as World Bank (IBRD), European Investment Bank (EIB), Council of Europe Development Bank (CES) and Islamic Development Bank (ISDB). The negotiations with the institutions in question continue in order to provide funds to finance the Small and Medium Scale Enterprises in and after 2009.

With the purpose of contributing to resolve the energy problem of the country, our Bank attaches great importance to investment project in the area of renewable energy. In this regard, the funds of 50 million US dollars from the World Bank, and 50 million US dollar from EBRD are secured in order to use in financing the projects aiming at improving energy efficiency and developing renewable energy sources. In addition, the negotiations with the World Bank to secure the 2nd segment of the loan for renewable energy have already been started. It is expected that the amount that could be used, via our Bank, in the scope of the 2nd segment of the loan will be around 150 million US dollar, and it is also expected that this amount could be increased through making transfers from the Clean Technology Fund (CTF) to be used for the projects in the same scope.

Apex Banking

Apex banking practice, which is commonly used by development and investment banks in order to improve the effectiveness of their lending operations, is being implemented by our bank as well. With the contribution of this practice, the credit portfolio of the Bank is being expanded, and the healthy growth and risk differentiation are being ensured.

As a pilot project, it was planned to supply loans, from the Bank's own sources, to the Small and Medium Scale Enterprises, which are active in manufacturing industry, located at OSTİM and İvedik Organized Industrial Zones, and, in the scope of this project, 20 million YTL worth of loans were extended to the enterprises in question, via an intermediating commercial bank determined, as operational and/ or investment credits. The firms using the credits were small scale manufacturing firms that were active in the targeted area for more than two years. And, 7 million YTL worth of operational credits were extended to 196 firms while 13 million YTL worth of investment credits were allocated to 77 small and medium scale enterprises. Thanks to this project, an additional employment capacity for approximately 500 hundred people has been created.

In the scope of apex banking practices, a fund of 20 million Euros were secured from French Development Agency (FDA), and the Amendment

Agreement and Apex Credit Agreement were signed between our Bank and FDA and the mediator bank respectively in June 2008. This fund was transferred to the mediator bank in the first quarter of the year 2009.

Capital Marketing Services

Our Bank maintained its capital marketing services either directly or via Kalkınma Yatırım Menkul Değerler AŞ (KYMD), which is an affiliation of our Bank with 99% of its shares owned by the Bank, in accordance with its principles of low operational costs, competitive price, fast service and reliability during the year 2008 as well.

In addition to purchasing and selling of 5 different types of funds having different properties of risk-profit (3 of A Type and 2 of B Type), which is established by our Bank and the affiliation of our Bank in cooperation, the Bank maintained its intermediating services on the areas of repurchasing agreements, purchasing and selling of Treasury Bonds and government bills, and it involved in buying and selling operations associated with Istanbul Stock Exchange (İMKB) and Turkish Derivatives Exchange as an agent of Yatırım Menkul Değerler AŞ.

Venture Capital and Strategic Partnership

Having the perspective of that it is very important to develop the international venture capital practices in Turkey, one of the projects in which our bank has been involved in as founder is the Istanbul Venture Capital Initiative (IVCI). The project, which was initiated in accordance with the Luxembourg Law together with European Investment Fund, KOSGEB (Small and Medium Scale Enterprises) and TTGV (Technology Development Foundation of Turkey), is an

international initiative, which has 150 million EURO as startup capital, in order to support the private capital fund and equivalent investments. This project at the same time made also a contribution to our Bank by providing it with experience on establishing international funds on the areas of private and venture capital. The fund established by the Istanbul Venture Capital Initiative that can be regarded as an alternative tool in financing the real sector reached a closing value of 160 million EURO with new participations. The activities in order to channel this resource to the investments of the real sector in a broader sense including small and medium scale enterprises continues as planned, and it is targeted that the first concrete results will be taken in the year 2009.

Participation

As of the end of 2008, our Bank has 12 affiliated companies; 3 of them are multi- partner and/ or publicly-held corporations companies, and 1 of them is a basic industrial enterprise and 8 of them including Istanbul Venture Capital Initiative are in the other companies category that are not publicly traded. In the framework of our mission to spread the capital to the public, which is stipulated by the establishment law, the Bank maintained selling its shares of the affiliated companies in the forms of block or common sell during 2008.

Four of the affiliated companies are active in manufacturing industry while 8 of them are in services sector. On the other hand, three of them are located at Priority Development Regions while three of them are at normal regions and five of them are at developed regions. One of our affiliations is an international one in nature.

In the scope of regional development, the bank gives great importance on establishing cooperation with the universities, techno parks and the governorships.

The fund that was established by Istanbul Venture Capital Initiative, which can be considered as an alternative tool for financing the real sector, has reached a closing value of 160 million Euros with the contributions of the new partners.

Regional Development

Türkiye Kalkınma Bankası has been one of the basic institutions charged with distributing the public funds associated with investment incentives and regional development activities since it was incorporated. In this context, in the year 2008, an amount of 20.2 million YTL was transferred from the investment incentive appropriation of the General Budget to the Bank for the credits for Small and Medium scale Enterprises and the investments at Northern Cyprus Turkish Republic (NCTR). The Bank's interest in under developed regions has become ceaseless in nature with the contribution of activities associated with the distribution of these funds and the project developing works carried out by the Bank.

In the scope of regional development activities, the Bank attaches great importance on launching common initiatives with universities, techno-parks and the governorships. The SWOT Analysis for Iron and Steel Industry together with METU Techno-park, and the Investor Development Program together with Erzurum Ataturk University and UNDP, and the Investor Development Program together with Kırıkkale Chamber of Commerce are some of the works that are carried out in this scope. The works carried out in cooperation with Kırıkkale Chamber of Commerce and Erzurum Ataturk University was awarded by ADFIAP as the best regional development projects.

In the year 2008, at the request of Kırıkkale Governorship, the bank participated in, at the moderation and reporting stages, the SWOT analysis for the province with the purpose of making contribution to the works aiming at developing the province. The results of the study were made public by organizing a symposium.

Information Technologies

TKB, which always aims at providing its clients with effective, productive and good quality service, made a big investment on the field of information technologies in 2008 and modernized its all systems by realizing its projects associated with information technologies in order to take advantage of contemporary technology, and to reach high performance and operational productivity.

With its existing information technology infrastructure, TKB, which always struggles for being among the bests in the sector, targets improving its labor work performance and process productivity by placing importance on legal adaptability, information security, job continuity and infrastructure development.

The investments, which are made to provide all business partners with the most accurate and reliable information in an easy manner and at the shortest time, will continue on this area during 2009 as well.

Training

In our bank, great importance is given to training activities. In this context, in- service training activities aiming at improving the knowledge and capabilities of the personnel continued all along the year with the purpose of increasing effectiveness and productivity of the Bank. In addition, when it is requested, the training programs are organized by the experts of our Bank for other institutions as well.

In 2008, the training programs towards the personnel of the Bank were carried out mainly by trainers who were experts on their fields and/ or by the trainers provided from the universities and public institutions and/ or organizations. In the

case it should be considered necessary, the personnel of the Bank were ensured to participate in the training programs organized by the institutions and organizations in the country. In this scope, 2094 people in total took advantage of 97 different seminars, courses, conferences, congresses and the meetings.

In the scope of the works associated with ISO 14001 Environment Management System, a seminar was organized by TSE (Turkish Institute for Standards), in which the information on planning, implementing, controlling and improving the environment management systems were delivered. And all personnel of the Bank participated in the seminary in question.

Research and Development Activities

One of the fields of activities that our bank gives importance to is research and development activities. By our research departments consisting wholly of specialists, various research and development studies, not only for the Bank's own purposes but also on any subject that the economy of the country necessitates, are carried out, and all studies of appropriate quality are published via internet. The studies carried out by our Bank in 2008 can be listed as follows;

The Studies Based Locations: In this group of studies that are carried out in order to develop a development strategy for a specific region, the region's internal dynamics and the specifications affecting the investment environment of the region are examined by applying SWOT analysis, and the potential investment fields for the region are evaluated by also taking the time perspective into consideration. In the year 2008, the following studies were carried out in this scope:

- Rize Strategic Development Report,
- Kars Strategic Development Report,
- In the scope of sectoral development strategies for Kırıkkale province; the special sectoral reports on the subjects of Manufacturing of Textile Products, Manufacturing of Confection Products, Fur Processing and Dyeing, Leather and Leather Processing and Footwear Manufacturing.

General Researches: These are the studies associated with the Bank's fields of activities directly or indirectly, and are carried out with the purpose of making contribution to the decision support processes. In these studies, the issues of sectoral competitiveness and major developments both in the world and Turkish economy, and major events affecting the economic agenda, and their effects are examined. The studies that are not confidential are published at the web site of the Bank.

Country Reports: Our bank provides consultancy services, by using its existing knowledge and experience, not only to the domestic investments and the Turkish investors but also for the investments abroad and to foreign investors. In the year 2008, our first operation in this scope was materialized for Caspian International Investment Company, one of which partners is Islamic Corporation for the Development of the Private Sector (ICD) that is a subsidiary of Islamic Development Bank (IDB). In the scope of this research, in order to introduce Azerbaijan to the international investors who is active in non- oil sectors, the sectoral research reports on the areas of Agriculture, Agricultural Industry (Food and Drink Industry, Textile and Confection Industry), Light Manufacturing Industry (Leather Processing and Footwear Industry, Paper and Paper Products Industry, Machinery Manufacturing Industry, Furniture Industry) and Logistics are prepared.

Technology Monitoring Researches: In 2008, our Bank maintained its activities related to following up the technological developments and new products and services that occurred both in the country and in the world: As a part of these group of activities, the Bank also continued to work for composing a data bank including information on these fields, and delivering technical assistance and consultancy services.

In this scope, research reports, technical reports and monitoring reports are prepared on the subjects of energy, energy efficiency and new product development, etc.

Research and Development Activities in Association With New Service and Activity Areas



In parallel to the development banks in the world,
our Bank continues to its apex banking activities.

In addition to financing the investments in the sense of region, sector and technology in an effective and fast manner, our Bank has an objective of becoming a development and investment bank in international standards through supporting the investors by providing technical assistance. In this direction, in the year 2008 the Bank carried out following sectoral researches for Caspian International Investment Company, one of which partners is Islamic Corporation for the Development of the Private Sector (ICD) that is a subsidiary of Islamic Development Bank (IDB) in order to introduce Azerbaijan to the international investors who is active in non- oil sectors.

- Agriculture (Crop production and livestock)
- Agricultural Industry (Textile, food)
- Logistics (Transportation and storage)
- Light manufacturing industry (Paper and paper products, leather footwear manufacturing, furniture and machinery manufacturing)

The results of the research carried out over Azerbaijan were presented to the potential investors by Caspian International Investment Company at a closed conference held on June 2008.

In parallel to the development banks in the world, apex banking practices of the Bank are continuing. In this context, the project development activities for new apex implementations were maintained, and three new projects have been prepared and

presented to the international financial institutions. In addition, a new report on the subject of "Clusters in the World and in Turkey and the Role of TKB" was prepared.

In order to resolve the security problems of Small and Medium Scale Enterprises intending to use credit from our bank, a Credit Guarantee Fund Bailment and Implementing Principles Framework Agreement was signed between the Bank and the Credit Guarantee Fund Company on the date of 22.07.2008.

It is envisaged that an appropriate rating system in accordance with the structure of the bank be established, and be used together with project evaluation criteria in lending practices. With this purpose, theoretical basis of a rating model including qualitative, quantitative and sectoral evaluation modules was set up and software preparation works were completed in 2008. It is planned that this model will be opened to the utilization of the related departments in 2009.

The Bank continues to share its knowledge and experiences with other public institutions. In this regard, the Bank has signed a technical cooperation protocol with Turkish Cooperation and Development Agency (TCDA).

Management and Corporate Governance Practices

Bank Management

Board of Directors



- 1 Şerif ÇELENK (BOD Member)
- 2 İrfan TOKGÖZ (BOD Member)
- 3 Özcan TENGİLİMOĞLU (BOD Member)
- 4 Abdullah ÇELİK (Chairman and CEO)
- 5 Ahmet YAMAN (BOD Member - Vice Chairman)
- 6 Hakan TOKAÇ (BOD Member)
- 7 Mehmet AYDIN (BOD Member)

Board of Directors

Name and Surname : **Abdullah ÇELİK**
 Title : Chairman and CEO
 Date of Assign. : 19/12/2005
 Education : BA / METU / FEAS / Economics / 1991
 MA / USA Old Dominion Un. / MBA / 1999
 Professional Experiences : Ministry of Finance. / EU Coordination / As. Expert. / 1992-1992
 Board of Certified Bank Auditors / As. Auditor / 1992-1995
 Board of Certified Bank Auditors / Auditor / 1995-2004
 BRSA Board of Certified Bank Auditors / Chief Auditor / 2004-2004
 BRSA II. Department of Institutions / Head of Dept. / 2004-2005

Name and Surname : **Ahmet YAMAN**
 Title : BOD Member (Vice Chairman)
 Date of Assign. : 02/05/2008
 Education : BSC / METU / Faculty of Architecture / City and Regional Planning / 1987
 MA / USA Cornell University / 1995
 Professional Experiences : METU / Dept. of City and Regional Planning / Research As. / 1988-1989
 SPO / Gen. Man. of Social Sectors / As. Expert/ Expert / 1989-2002
 SPO / EU Education and Youth Center / General Coordinator / 2002-2003
 SPO / Gen. Dir. Of Regional Development / Deputy GM / 2003-2004
 SPO / Gen. Dir. Of Regional Development / General Manger / 2004-.....

Name and Surname : **Özcan TENGİLİMOĞLU**
 Title : BOD Member
 Date of Assign. : 02/05/2008
 Education : BA / METU / FEAS - Department BA / 1991
 Professional Experiences : Esbank / Inspector, Branch M. / 1992-2001
 Bank Asya / Branch Manager / 2001-2005
 Türksat / Finance Manager / 2005-.....

Name and Surname : **İrfan TOKGÖZ**
 Title : BOD Member
 Date of Assign. : 02/05/2008
 Education : BA University of Ankara / FPS / Finance / 1992
 MA / USA Illinois University / 2004
 Professional Experiences : Ministry of Interior / Aspirant Kaymakam / 1994-1995
 US of Treasury, Board of Treasury Cont. / Aspirant Controller / 1995-1998
 US of Treasury, Board of Treasury Conti / Treasury Controller / 1998-2005
 US of Treasury, Board of Treasury Cont / Vice Chairman / 2004-2007
 US of Treasury, Board of Treasury Cont / Tr. Chief Controller / 2005-2007
 US of Treasury, GM of Foreign Investments / Deputy GM / 2007-.....

Name and Surname : **Hakan TOKAÇ**
 Title : BOD Member
 Date of Assign. : 01/05/2007
 Education : BA University of Ankara / FPS / Finance / 1994
 MA- USA Illinois University / 2002
 Professional Experiences : GM of Security, Department of Foreigners / As. Superintendent / 1994-1996
 US of Customs, GM of Customs. / Expert / 1996-1997
 US of Treasury, GM of Public Finance / Treasury As. Expert / 1997-2000
 US of Treasury, GM of Public Finance / Treasury Expert / 2000-2004
 SPO- EU Education and Youth Center / Budget Finance Coord. / 2004-2006
 US of Treasury, GM of Public Finance / Head of Department / 2006-2007
 Department of Strategy Development
 US of Treasury, GM of Public Finance / Deputy GM / 2007-...

Name and Surname : **Şerif ÇELENK**
 Title : BOD Member
 Date of Assign. : 02/03/2009
 Education : BA / Marmara University / Administrative Sciences, Economics / Finance / 1973
 Professional Experiences : Kilis Municipality / 1974-1976
 Pamukbank / Inspector, Manager / 1979-1989
 Emlak Bankası / Manager / 1990-2001
 T.C. Ziraat Bankası / Manager / 2001-2004

Name and Surname : **Mehmet AYDIN**
 Title : BOD Member
 Date of Assign. : 02/03/2009
 Education : BA / Univ. of Ankara / FPS. Economics / 1988
 Professional Experiences : Ministry of Interior, GM of Local Administrations / Controller / 1990 -....

(*) The following persons have served their terms of office as BOD members between the dates indicated: Osman KARA 28.04.2003- 30.04.2008; Mehmet UNCU 28.04.2003-30.04.2008; Asım ALTUN 01.05.2007-30.04.2008; Nedret Şerif ÇAKIRSOY 01.05.2007-30.04.2008; Ömer Faruk ÖZTÜRK 17.05.2007-30.04.2008; Zekai İŞILDAR 02.05.2008-15.01.2009;; Adnan YALÇINCI 02.05.2008-29.01.2009.

The Bank's Board of Directors consists of 7 members including the CEO and 6 members elected by the General Assembly among the shareholders. The term for the members of the Board of Directors is three years. Any member whose term of office ends may be reelected. In the event of any vacancy in membership before expiration of the term, the provision of the Turkish Code of Commerce applies.

The Law for Establishment No. 4456 and the Main

Contract of the Bank stipulate that BOD meets two times a month with absolute majority. It is required that BOD should hold minimum 24 meetings per year. Any number of resolutions could be made. Interim resolution should be made unanimously. At least half of the BOD members plus one member should be present to be able to make a meeting.

In 2008, BOD held 25 meetings. In addition, 44 interim decisions were made.

The Board of Auditors



- 1 Mustafa GÜNEŞ (Member)
- 2 Bahri KIZILKAYA (Member)
- 3 Mahmut Hadi EKİCİ (Member)

The Board of Auditors

Name and Surname : **Mustafa GÜNEŞ**
 Title : Member
 Date of Assign. : 30.04.2008
 Education : BA Univ. of Ankara / FPS / Finance / 1991
 Professional : Ministry of Finance / Rev. Administration / Chief Controller / 2003-2005
 Experiences : Ministry of Finance / Rev. Administration / Chief of Group / 2005-2007
 Ministry of Finance / Rev. Administration / Head of Department / 2007 -.....

Name and Surname : **Bahri KIZILKAYA**
 Title : Member
 Date of Assign. : 30.04.2008
 Education : BA Univ. of Istanbul / FPS / Finance / 1995
 Professional : Prime Ministry / Board of Inspection / Assistant Inspector / 1997-2001
 Experiences : Prime Ministry / Board of Inspection / Inspector / 2001-2007
 Prime Ministry / Board of Inspection / Chief Inspector / 2007 -.....

Name and Surname : **Mahmut Hadi EKİCİ**
 Title : Member
 Date of Assign. : 20.02.2009
 Education : BA Univ. of Ankara / FPS / Finance / 1991
 Professional : Ministry of Finance / Tax Inspector Board / Assistant Tax Inspector / 1992-1995
 Experiences : Ministry of Finance / Tax Inspector Board / Tax Inspector / 1995-2003
 Ministry of Finance / Tax Inspector Board / Chief Tax Inspector / 2003-2005
 Ministry of Finance / Rev. Administration / Chief of Group / 2005-2007
 Ministry of Finance / Rev. Administration / Head of Department / 2007 -.....

(*) The following persons have served their terms of office as the members of Board of Auditors between the dates indicated;
 Esat Kaya TURGAY 30.11.1999-30.04.2008; Hasan AYDIN 02.07.2004-30.04.2008; Mustafa ÇOLAK 30.04.2007-30.04.2008; Mehmet AYDIN 30.04.2008- 20.02.2009.

The term of office of the Board of Directors is three years.

Those whom, term of office expire may be reelected.

In the event of any vacancy in membership before expiration of the term, the provisions of Turkish Commercial Law code apply.

Auditing Committee

Name and Surname : **İrfan TOKGÖZ**
 Title : BOD Member
 Chief of Auditing Committee
 Date of Assign. : 12/05/2008

Name and Surname : **Özcan TENGİLİMOĞLU**
 Title : BOD Member
 Deputy Chief of Auditing Committee
 Date of Assign. : 12/05/2008

(*) The following persons have served their terms of office as the members of Board of Auditors between the dates indicated:
 Hakan TOKAÇ 01.05.2007-12.05.2008; Osman KARA 28.03.2003-12.05.2008.

Departments in Internal Systems

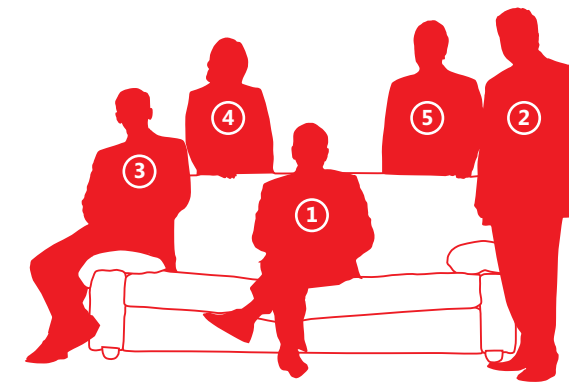
Name and Surname : **Özkan AKCAN**
 Title : Head of Board of Inspectors
 Date of Assign. : 17/04/2006
 Education : BA, University of İstanbul, Faculty of Economics/ Finance/1988
 Professional : Etibank Junior Inspector / 1990-1993
 Experiences : Etibank / Inspector/ 1993-1998
 Türkiye Kalkınma Bankası A.Ş./ Inspector/ 1998-2005
 Türkiye Kalkınma Bankası A.Ş / Senior Inspector/ 2005-2006

Name and Surname : **İsmail YILDIRIM**
 Title : Internal Control Manager
 Date of Assign. : 21/10/2001
 Education : BA / Adana AECS / 1974
 MBA / USA University of New Haven MBA / 1981
 Professional : Ministry of Education / Teacher / 1971-1973
 Experiences : TDÇİ / As. Expert / 1976-1977
 TDÇİ Department of Finance / Officer / 1981-1982
 TDÇİ Department of Finance / Expert / 1982-1983
 TDÇİ Department of Finance / Chief of Section / 1983-1984
 Central Bank Of Turkey / Officer / 1984-1988
 Tourism Bank / Expert / 1988-1990
 T. Kalkınma Bankası A.Ş. / As. Chief of Section / 1990-1996
 T. Kalkınma Bankası A.Ş. / Manager / 1996-1997
 T. Kalkınma Bankası A.Ş. / Expert / 1997-1997
 T. Kalkınma Bankası A.Ş. / Administrator / 1997-1998
 T. Kalkınma Bankası A.Ş. / As. Manager / 1998-2001

Name and Surname : **Oğuz AŞIRIM**
 Title : Risk Monitoring Manager
 Date of Assign. : 24/06/2008
 Education : BA / METU / FEAS / Economics / 1987
 MA / University of Essex / Econometrics / 1993
 Professional : Central Bank Of Turkey / Aspirant Officer / 1988-1988
 Experiences : Central Bank Of Turkey / Aspirant Researcher / 1988-1989
 Central Bank Of Turkey / Researcher / 1989-1994
 Central Bank Of Turkey / Assistant Economist / 1994-1997
 Central Bank Of Turkey / Economist / 1997-1997
 T. Kalkınma Bankası A.Ş. / Manager / 1997-2000
 T. Kalkınma Bankası A.Ş. / Consultant to GM / 2000-2008
 T. Kalkınma Bankası A.Ş. / Assistant Manager 2008-2008

(*) Dr. Semra PEKKAYA served as Risk Monitoring Manager between the dates 09.03.2006 and 24.06.2008.

Top Management of the Bank



- 1 Abdullah ÇELİK
Chairman and CEO
- 2 Adnan YALÇINCI
Deputy General Director (Marketing- Adminst.)
- 3 Zekai İŞILDAR
Deputy General Director (Loans Information)
- 4 S. Cansel İNANKUR
Deputy General Director (Resources - Financial - Treasury)
- 5 Bahattin SEKKİN
Deputy General Director (Research Training)

Name and Surname : **Abdullah ÇELİK**
Title : Chairman and CEO
Date of Assign. : 19/12/2005
Education : BA / METU / FEAS / Economics / 1991
MA / USA Old Dominion Un. / MBA / 1999
Professional Experiences : Ministry of Finance. / EU Coordination / As. Expert. / 1992-1992
Board of Certified Bank Auditors / As. Auditor / 1992-1995
Board of Certified Bank Auditors / Auditor / 1995-2004
BRSA Board of Certified Bank Auditors / Chief Auditor / 2004-2004
BRSA II. Department of Institutions / Head of Dept. / 2004-2005

Name and Surname : **Adnan YALÇINCI**
Title : Deputy General Director (Marketing- Adminst.)
Date of Assign. : 14/10/2005
Education : BA / Dokuz Eylöl Univ. FEAS / Finance / 1987
MA / Gazi Uni. Ins. of Social Sciences / 2002
Professional Experiences : Regional Directorate of Forestry / 1986-1987
Türkiye Halk Bankası / 1988-1989
T.C. Ziraat Bankası / Assistant Expert / 1989-1993
T.C. Ziraat Bankası / Expert / 1993-2001
T.C. Ziraat Bankası / Branch Administrator / 2001-2003
T.C. Ziraat Bankası / Branch Manager / 2003-2005

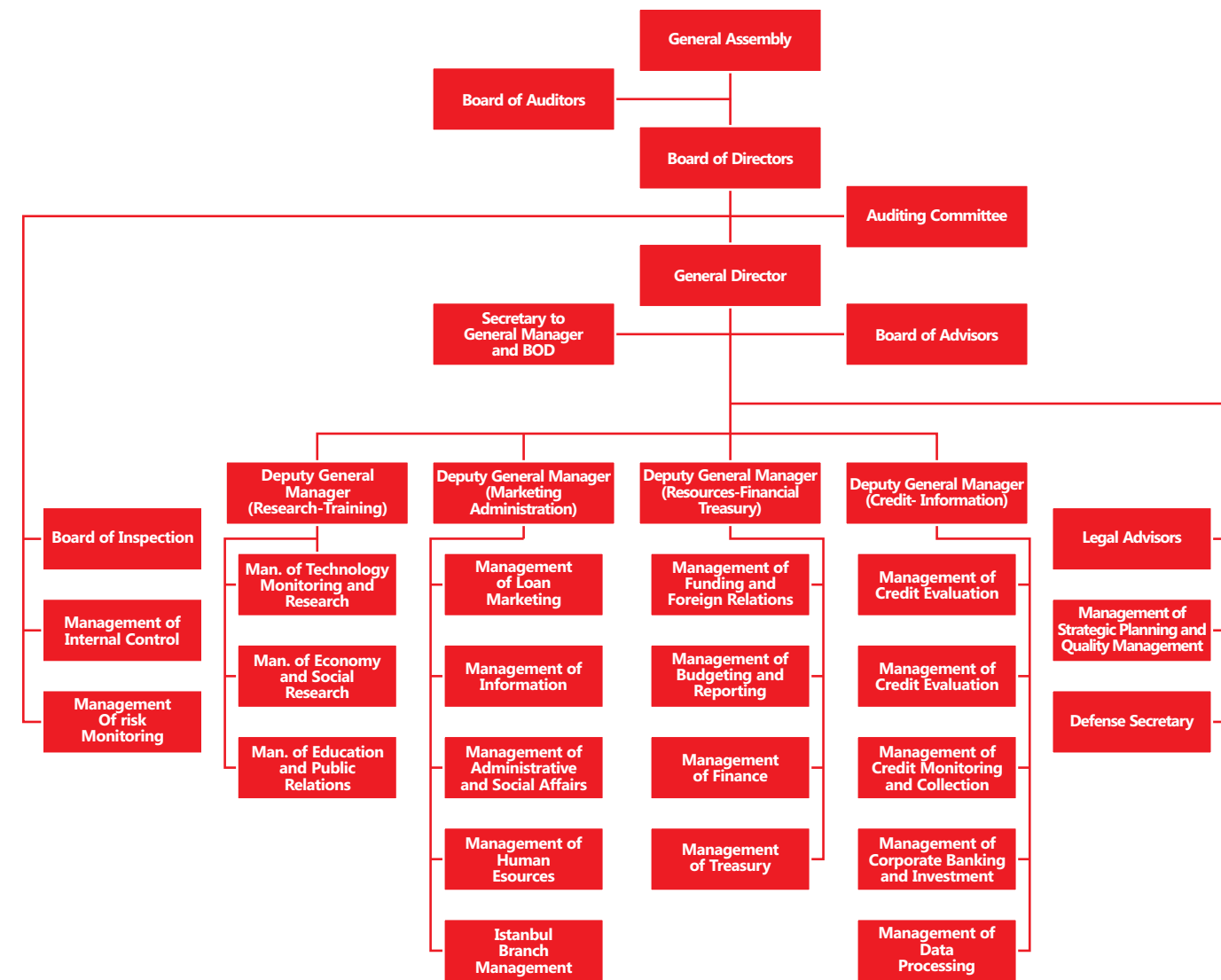
Name and Surname : **Zekai İŞILDAR**
Title : Deputy General Director (Loans Information)
Date of Assign. : 30/01/2009
Education : BSc / METU / Mining Engineering / 1986
Professional Experiences : T. Kalkınma Bankası A.Ş. / Assistant Expert / 1986-1991
T. Kalkınma Bankası A.Ş. / Expert / 1991-1997
T. Kalkınma Bankası A.Ş. / Manager / 1997-1997
T. Kalkınma Bankası A.Ş. / Expert / 1997-1998
T. Kalkınma Bankası A.Ş. / Credit Expert / 1998-2003
T. Kalkınma Bankası A.Ş. / Manager / 2003 -2007
T. Kalkınma Bankası A.Ş. / Director / Deputy General Director / 2007 -2009

Name and Surname : **Bahattin SEKKİN**
Title : Deputy General Director (Research Training)
Date of Assign. : 22/08/2003
Education : BA / METU / FEAS / BA / 1980
Professional Experiences : T. Kalkınma Bankası A.Ş. / Assistan Expert / 1981-1985
T. Kalkınma Bankası A.Ş. / Expert / 1985-1990
Betonsan A.Ş. / Managing Director / 1987-1988
Keban Holding Sodyum Bikromat A.Ş. / Managing Director / 1988-1988
T. Kalkınma Bankası A.Ş. / Credit Expert / 1990-1990
T. Kalkınma Bankası A.Ş. / Assistant Manager / 1990-1997
Türk Suudi Yatırım Holding A.Ş. / Deputy Gen. Man. / 1993-1993
T. Kalkınma Bankası A.Ş. / Deputy Gen. Man. / 1997-1997
T. Kalkınma Bankası A.Ş. / Consultant to GM / 1997-1998
T. Kalkınma Bankası A.Ş. / Deputy Gen. Man. / 1998-1998
T. Kalkınma Bankası A.Ş. / Consultant to GM / 1998-1998
T. Kalkınma Bankası A.Ş. / Deputy Gen. Man. / 1998-1999
T. Kalkınma Bankası A.Ş. / Consultant to GM / 1999-2003

Name and Surname : **S. Cansel İNANKUR**
Title : Deputy General Director (Resources - Financial - Treasury)
Date of Assign. : 29/08/1997
Education : BA / METU / FEAS / BA / 1978
Professional Experiences : T. Kalkınma Bankası A.Ş. / Assistant Expert / 1978 -1982
T. Kalkınma Bankası A.Ş. / Expert / 1982-1986
T. Kalkınma Bankası A.Ş. / Assistant Manager / 1986 -1989
T. Kalkınma Bankası A.Ş. / Manager / 1989-1996
T. Kalkınma Bankası A.Ş. / Head of Department / 1996 -1997
T. Kalkınma Bankası A.Ş. / Consultant to GM / 1997 - 1997

(*) Mr. Zeki İŞILDAR, who served as Deputy General Manager by proxy between dates 10/01/2007 and 27/01/2009, was formally appointed to this position pursuant to the Decision No. 2009/ 10174 that was published at the Official Gazette dated 27/01/2009 and numbered 27123.
Mr. Latif KARAMAN served as Deputy General Manager between the dates 12/09/1997 and 31/10/2008.

Organization Chart of Türkiye Kalkınma Bankası A.Ş.



It became effective with the resolution of Board of Directors dated 22.09.2008 and numbered as 2008-19-06.

Committees

Auditing Committee

Within the framework of the Article 24 of the Banking Law No 5411 and the "Regulation on the Bank's Internal Auditing and Risk Management Systems", the Board of Directors of the Bank established an Auditing Committee from among its members with the Board Resolution dated 31/10/2006 and numbered 2006- interim decision/ 227 with the purpose of performing auditing and supervision works and executing certain duties within the internal systems. And, BOD member Mr. İrfan TOKGÖZ and Özcan TENGİLİMOĞLU were elected to the Committee with the BOD resolution dated 12/05/2008 and

numbered 2008-10-13/098. At the first meeting of the Committee on the date of 21/05/2008, which is numbered as 2008/5, Mr. İrfan TOKGÖZ and Özcan TENGİLİMOĞLU were elected as President and Vice- President of the Committee respectively.

The Board of Inspectors, and Departments of Internal Control and Risk Monitoring directly reports to the Board of Directors, and the relationship between these departments and BOD is organized via Auditing Committee.

In 2008, the Committee held 14 meetings.

Members of Auditing Committee

İrfan TOKGÖZ	Chairman	Undersecretary of Treasury, The General Management of Foreign Investments-Deputy General Manager
Özcan TENGİLİMOĞLU	Vice Chairman	Turksat- Finance Manager

(*): Mr. Hakan TOKAÇ (01/05/2007- 12/05/2008) and Mr. Osman KARA (28/03/2003- 12/05/2008) served as members of Auditing Committee.

Corporate Governance Committee

Within the framework of "the Regulation Pertaining to the Principles of the Corporate Governance of the Banks", which is published on issue of the Official Gazette dated 01.11.2006 and numbered 26333, put into force by the Banking Regulation and Supervision Agency (BRSA), and "the Principles of the Corporate Governance" published by the Board of Capital Markets, a "Corporate Governance Committee" was established, with the purpose of determining the principles of the corporate governance policies of

the Bank, and monitoring the observance to the corporate governance principles, and bringing new proposals to the Board for improvements, with the resolution of the Board of Directors dated 15.06.2007 and nr. 2007-12-18/185. And, with resolution of BOD dated 24.07.2007 and numbered 2007-15-01/209 The "Working Principles and Procedures of the Corporate Governance Committee" was put into force.

The Committee held two meetings in 2008.

The Members of Corporate Governance Committee

Ahmet YAMAN	President	BOD Member
Hakan TOKAÇ	Vice Chairman	BOD Member
S.Cansel İNANKUR	Member	Deputy General Manager
Adnan YALÇINCI	Member	Deputy General Manager
Zekai İŞILDAR (V.)	Member	Deputy General Manager
Related Departments	Member	Institutional Banking Invest. Dept. Human Resources Dept.- Strategic Planning and Quality Management Dept.- Budgeting and Reporting Dept.- Financial Issues Dept. Information Processing Dept. Capital Market and Legal Adaptability Personnel

(*) Mr. Nedret Şerif ÇAKIRSOY (15/10/2007- 12/05/2008) and Mr. Asim ALTUN (15/10/2007- 12/05/2008) served as members of Corporate Governance Committee.

Assets and Liabilities Management Committee

Assets and Liabilities Management committee was established with the purpose of coordinating the assets and liabilities items of the Balance Sheet of the Bank by taking into consideration the elements such as maturity, interest, currency, and of managing the risks, in the framework of the variables affecting the existing and predicted macroeconomic conditions, by taking into consideration the risk policy and strategies, and of establishing coordination and communication

among the Bank's operative units in order to make the Bank work on effective and productive manner.

The Committee consists of the Deputy General Managers of the Bank under the presidency of the General Manager. According to the agenda of the Committee meeting, the Chairman may ask the unit managers or other personnel to attend the meeting.

The Committee held 17 meetings in 2008.

The Members of Assets and Liabilities Management Committee

Abdullah ÇELİK	Chairman	CEO
S.Cansel İNANKUR	Member	Deputy General Director
Adnan YALÇINCI	Member	Deputy General Director
Zekai İŞILDAR	Member	Deputy General Director
Bahattin SEKKİN	Member	Deputy General Director
Related Departments		

(*) Until the date of 08/09/2008 Cansel İNANKUR served as the Chairman of the Assets and Liabilities Management Committee. Deputy General Director M. Latif KARAMAN resigned as of 31/10/2008.

Loan and Equity Participations Committee

The Loan and Equity Participations Committee is formed for determining the principles of the general loan lending and the equity participation policies of the Bank, for planning the types of the loans which are and will be in the credit volume and by evaluating the proposals submitted through the related parties within the Bank to supervise continuously the loan operations and to make necessary changes required by the general economic policies.

The Committee consists of Deputy General Managers and the related unit managers of the Bank. The Committee, according to the agenda, when it is required, may ask related personnel to attend the meeting.

The Committee held 41 meetings in 2008.

The Members of Loans and Equity Participation Committee

Abdullah ÇELİK	Chairman	CEO
Zekai İŞILDAR	Member	Deputy General Director
S.Cansel İNANKUR	Member	Deputy General Director
Adnan YALÇINCI	Member	Deputy General Director
Bahattin SEKKİN	Member	Deputy General Director
Related Departments	Member	Loan Evaluation, Loan Follow-up and Collections, Loan marketing, Credit Information, Legal Consultancy

(*) Until the date of 08/09/2008 Zekai İŞILDAR served as the Chairman of the Loans and Equity Participation Committee. Deputy General Director M.Latif KARAMAN resigned as of 31/10/2008.

Summary Report of the BOD

Our Bank's Mission is: "In the direction of our country's development and sustainable growth; to ensure the rise in employment, income and welfare by means of supporting investments of joint-stock companies through extending credits obtained from both domestic and international sources, through forming partnerships with pioneering/ successful enterprises, through the provision of technical assistance to the entrepreneurs; and through contributing to development of the capital market".

And Our Bank's Vision is: "As a leading institution for development and sustainable growth; to support investments on the basis of region, sector and technology, to finance them efficiently and quickly; to support investors by strengthening and encouraging them, to provide technical assistance to the investors, and to become a development and investment bank at the international level."

As of 31.12.2008, compared to the end of previous year:

- The volume of assets has grown, with an increase of 25,2 % to 1.023.870 thousand YTL from 817.806 thousand YTL
- Total Volume of Credit, with an increase of 48 %, has reached to 589.070 thousand YTL from 398.010 thousand YTL
- The asset quality is retained by perfect application of the Regulation on Reserves against Non-performing Loans by full reserving against the non-performing loans.
- Bank's capital issued is 160 million YTL. Bank's equity capital has reached from 458.096 thousand YTL to 484.158 thousand YTL with an increase of 5.7 %, and obtained foreign sources have reached from 325.799 thousand YTL to 498.334 thousand YTL, by an increase of 53 %.
- Net profit in 2008 is 36.679 thousand YTL, and return on assets is 3,6 % while return on equity is 7.6%

In 2009, which is considered to be a year of recovery from the crisis for both Turkish and world economies, our Bank shall maintain its growth by directing its sources and experiences to the utilization of real sector investments.

TÜRKİYE KALKINMA BANKASI A.Ş.
BOARD OF DIRECTORS

Human Resources Practices

The Article 15 of the Law No 4456, which establishes the Bank, mandates the services given in the Bank is to be performed by contracted personnel who are not subject to the contracted personnel provisions of the Law No 657 on Civil Servants or within the same guidelines of other Laws and the rights of the Bank's personnel is termed to enjoy the provisions of the Law No 5434 on T.R. Civil Servants Pension Scheme.

Within this connection, the personnel of the Bank, keeping the existing earned rights, gained the Contracted Personnel rights as well.

The yearly wage raises of the Bank's personnel are realized depending on the ceiling wage and increase rates determined by the Supreme Planning Council decisions. This has been put on a legal frame by the Article 15 of the Law No. 4456.

The personnel policy, recruitment criteria, principles of promotion have all been set by the "Personnel Regulation" and the recruiting has been made according to the stipulations of the Personnel Regulation and the circulars of the Prime Ministry.

The recruitment and promotion formalities of experts, assistant experts, inspectors and deputy inspectors are carried out according to the principles, stated in the "Regulation on Experts and Assistant Experts" and "the Regulation on the Board of Inspection" respectively.

By the end of 2008, the Bank had realized all the activities with a total of 720 personnel of which 683 hold contracted status and 37 hold time-bounded contracted staff status. The number of personnel declined by 2 % in 2008 compared with the end of 2007 where of the total 734 personnel 695 had held contracted status and 39 had held time-bounded contracted status.

The Bank's organization is composed of the General Directorate and the Directorate of Istanbul Branch. Directorate of Istanbul Branch which was established to operate in Istanbul Province and the Marmara region continued its operations.

When the personnel are regarded in terms of education level, it is observed that 82 % of the staff is university graduates.

Information Regarding the Transactions and the Bank's Risk Group

The Chairman and the members of the Board of Directors, and Statutory Auditors and the Deputy General Directors have no shares in the Bank's capital. If requested, loans may be allocated to the members of the Board of Directors within the framework of conditions applicable to the Bank's personnel. Neither has any loan been extended to any member of the Board of Directors even through a third person, nor is there any other debt entry or any guarantee/ security given in their favor.

According to the stipulations of the Article 49 of the Banking Law, the participations under direct control of the Bank are Kalkınma Yatırım Menkul Değerler A.Ş. (KYMD A.Ş.), Acıselsan A.Ş., Arıcak Turizm A.Ş. We have within the market conditions, loan relations with the firms Acıselsan Arıcak and Türsan. KYMD A.Ş. provides brokerage services to the Bank.

Service Areas for Which Supporting Services Procured

The Bank doesn't purchase any service according to the "Regulation on the Supply of the Support Services for the Banks and the Authorization of Support Service Institutions".

Statement of Compliance With Corporate Governance Principles

1- The Statement of Compliance with Principles of Corporate Governance

The Bank's operations have been consistent with the provisions of Law No. 4456 governing its establishment, the Banking Law, and other judiciary regulations. Efforts have been made in fulfillment of compliance with the corporate governance principles to the utmost extent. Studies are carried out in this context.

With the decision of the Board of Directors dated 15.06.2007 and numbered 185, the Corporate Governance Committee was established and with the Decision dated 24.07.2007 and numbered 209 the Working Principles and Procedures of the Corporate Governance Committee" was put into force, and the Committee pursues its activities.

SECTION I: SHAREHOLDERS

2- Department of the Relations with the Shareholders

With the decision of the Board of Directors of our Bank dated 02.03.2009, internal arrangements for the functions of the Department of the Relations With the Shareholders, whose establishment is required by Capital Markets Board (CMB) Series IV, No. 41 on "the Principles which the Partnerships subject to the Capital Market Law are Required to Follow" have been realized and the following included in the duties of our Bank's Directorate of Institutional Banking and Investments:

- Making sure the records of the shareholders are kept reliably, safely and updated.
- Except with the information that has not been publicly announced and is in the status of commercial secret, to answer shareholders' written demands regarding the bank.

- To organize the General Committee Meetings in accordance with the current regulations, Main Contract and other internal regulations with the cooperation of the General Director's Office and the Office of the Board of Directors.
- Preparing the documents that the shareholders might use during General Committee Meetings.
- Making sure the polls of the General Committee are recorded and the reports on the results are forwarded to the shareholders.
- Observing and watching all sorts of elements related to informing the public, including the informing principle of the company and the regulations.

During this period, 15 applications and information request have been considered and answered.

The information of the managers in charge of relations with the shareholders is given below:

Department Manager : Dr. Metin ÇINAR
Phone : 0 312 231 43 08
e-mail : metin.cinar@kalkinma .com.tr
bankacilikyatirimlar@kalkinma.com.tr

Department Assistant Manager : Güldoğan HANCIOĞLU
Phone : 0 312 231 43 08
e-mail : guldogan.hancioglu@kalkinma .com.tr
bankacilikyatirimlar@kalkinma.com.tr

3- The Use of Shareholders' Right to Access Information

Within the period, 15 written applications in total, 5 of which were digital, were received from the small shareholders requesting information regarding situation of customer account related to the shares, usage of pre-emptive rights, profit ratio and the affiliations. And, these requests were replied via written or electronic methods.

It is continued to use electronic methods as announcing devices in the purpose of usage of shareholders' rights efficiently. In the Main Contract of the Bank, the appointment of a private inspector has not been regulated as an individual right.

The Article 17 of the Main Contract which indicates "For matters that don't have a reference in this Main Contract, related provisions of the Law No. 4456, which regulates Bank's establishment, Turkish Commerce Law, Stock Market Law and Banking Law will be used", is making a reference to the mentioned regulations regarding the appointment of a private inspector.

4- Information about General Assembly

The General Assembly Meeting regarding the activities of 2007 was held on 30.04.2008 with the representation of (99.08 %) 15.853.072.031,7 pieces of the overall share 16.000.000.000 and the participation of media members. Because the bank share-proofs had been issued at ISE (Istanbul Stock Exchange) and recorded by the Central Registry Agency, regarding the invitation of shareholders to the General Commission Meeting; it has been reported, in accordance with the related regulations, on the issue of Turkey

Commerce Registry Gazette dated 03.04.2008 and numbered 7034 as well as Zaman and Dünya newspapers dated 04.04.2008, and announced at the national media, and via Media Portal along with a web-page on 28.04.2008 and the necessary information has been given out to inform the public.

Before the General Assembly Meeting in line with the related regulation, the Annual Balance Sheet, Income Table, Activity Report of the Board, Inspection Committee Report and Independent Inspection Report were made ready in the meeting building for the control/ evaluation of the shareholders. During the meeting, the shareholders have not used their rights to ask questions. The agenda suggestions were presented by the representative of the major shareholder, and the agenda was approved unanimously.

In addition, an extraordinary General Assembly Meeting associated with 2009 was held on January 30th, 2009, with the representation of (99.08 %). 15.853.045.231,7 pieces of the total 16.000.000,000 shares. As for invitation of the shareholders to the meeting, it has been reported, in accordance with the regulations, in Turkey Commerce Registry Gazette dated January 13th, 2009 and numbered 7226 copy as well as daily Referans and Star newspapers dated January 13th, 2009, and also announced via a web-page, and the necessary information has been given out to inform the public in line with the regulation regulations. During the meeting, the shareholders have not used their rights to ask questions. The agenda suggestions were presented by the representative of the major shareholder, and the agenda was approved unanimously.

There is no provision in the Main Contract stipulating that important decisions, such as sale/ purchase/ rent a big value properties be made by the decision of the Board. Since the Bank was established in pursuant to a special Law and that it is a public institution, these kinds of decisions are subject to approval of the Minister of State to whom the Bank reports or revision of the Law if it is required.

5- Voting Rights and Minority Rights

The Main Contract of the Bank grants no privileges with respect to voting rights. The Law on the establishment of the Bank and the Bank's Main Contract do not provide any right in participating to management and cumulative voting system.

6- Profit Distribution Principle and Time of Dividend Payment

No privilege has been granted regarding profit distribution. The distribution of profit, according to the Main Contract of the Bank and the Establishment Law No. 4456 of the Bank, from the distributable profit which is gross profit less the taxes and other legal obligations is made according to the provisions of Turkish Commercial Law, Banking Law and other related regulations, as a first dividend.

Up to 5 percent of the profit portion remaining after the first dividend distribution may be given to the personnel as bonus dividend, provided the percentage is determined by the General Assembly and at a level not to exceed the amount of three month's salary of the personnel. From the remaining amount of profit after the above deductions the other appropriations and reserve

Money assignments are made which were found necessary by the Turkish Trade Law and the General Assembly. And the remaining amount is distributed to the shareholders as the second dividend.

The distribution of profit is made within the legal period and in accordance with the decision of the General Assembly.

7- Transfer of Shares

The Main Contract does not stipulate any restrictions regarding the transfer of shares.

SECTION II – INFORMATION AND TRANSPARENCY

8- Corporate Policy for Information

In accordance with notice of Stock Market Commission's Serial VIII No. 54 "Conditions Related to Public Announcements of Exceptional Cases" the works for establishing our Bank's policy and informing public are maintained.

In addition, along with the rules set by the regulations that are binding, the Bank has embraced the policy of enlightening the public on the issues that are not commercial secrets in accordance with its mission.

For informing the investors, the creditors, the shareholders, the workers and the other commissions and the associations, the related departments have been charged. The credits extended, conditions of credit usage, information regarding credit operation mechanisms, application methods and documents for application are posted on the web-page. Financial tables and independent inspection reports

prepared every 3 months regarding our bank's financial structure are posted on the web-page as well as on the ISE web pages. Form for Enlightening the Public that has been created in the framework of Stock Market Commission's regulations on "Basics for Mediator Commission's Public-Informing" Notice is periodically posted on The Association of Capital Market Intermediary Institutions of Turkey's web-page.

In addition, within the framework of the texts of Establishment Law No. 4456 and Main Contract, Organizational Structure, Annual Report and Bank's mission; Sectoral Research Reports and the reports on appropriate local investment areas are served to the public on the web-page.

In accordance with the regulation of "Rules and Regulations for Implementing the Right to Access Information Law" that was published in the Official Gazette dated 27.04.2004 and numbered 25445, the Information Access Unit within Training and Public Relations Directorate was established in order to carry out the services to inform the public, and necessary arrangements at web site were made. In 2008, 183 applications related to various matters had been replied in coordination with the related departments.

9- Exceptional-Case Explanations

In the exceptional cases that require special explanations, the notices are made on time. In 2008, 11 special case notifications were made. There has not been any further explanation request for the declarations made.

10- Company Internet Site and Its Content

On the web site of the Bank, the texts of Establishment Law and Main Contract,

management structure, associational and financial information, announcements, organizational structure, annual reports, periodic financial tables and reports, contact information, social responsibility activities, and the information regarding human resources, and the credits extended, application conditions for credit, and credit operation mechanisms and application documents are posted on the web site, and the web site was put into service at the address of www.kalkinma.com.tr.

In order to improve the services to the shareholders via internet, the works to reorganize the web site continue.

11- Disclosure of majority shareholding by real person.

There is no real person who holds the majority of shares.

12- Announcement of Insiders to the public

Although any list regarding potential insiders has not publicized, the information about the Board Members and the managers who have access to such information are posted on the web site.

All necessary measures are taken to prevent the use of inside information.

SECTION III – STAKEHOLDERS

13- Providing Information to the Related Parties

The Bank takes great care in providing its services in an honest, reliable, understandable, timely and impartial manner to stakeholders, employees, creditors, clients and all parties that have a vested interest in its function. The Bank observes the principle of confidentiality by not disclosing the

information that it receives due to its banking relations to the parties other than law and regulations allow.

On the other hand, the stakeholders (the shareholders) are informed through media, verbally, directly in writing, by internet and other instruments within the framework of public information practices.

14- Stakeholders' Participation in Management

Stakeholders' participation in management is not applicable.

15- Human Resources Policy

Personnel related issues and the criteria applicable to the personnel recruitment are established by the Bank's Personnel Regulation in writing.

The recruitment and promotion of assistant inspectors and inspectors are carried out according to the Regulation of Inspectors Board, and the recruitment and promotion of assistant experts and experts, according to the provisions of "the Regulation on Recruitment, Proficiency and Promotions of Assistant Experts and Experts", and the promotion of other personnel, according to "the Personnel Regulation".

Within the framework of creating a better and safer working environment, information infrastructure and equipment were renewed.

In addition, in the framework of the provisions of Public Officials Union Law No. 4688 and other related laws and regulations, at the Corporate Management Board meetings held with joint participation of the Bank representatives and the representatives of the members of the Union, the proposals aiming at improving the social and

personal rights of the all employees and the issue related to the working conditions are jointly developed.

16- Relations with Clients and Suppliers

The procured resources of the Bank are extended to the clients with the understanding of productivity and profitability as investment, operation, capital and export loans. Conditions concerning the use of loans are published on internet site (www.tkb.com.tr). Because of the intensive competition in the banking sector, a Loan Marketing Directorate was established in 2006 in order to improve the effectiveness of marketing activities and the relations with clients.

The Bank informs its clients within the framework of the cooperation agreement signed with TOBB by organizing joint meetings with the chambers of industry and the commerce, participating in fairs on related sectors and visiting investment regions.

As a development bank having banking experience based on project evaluation, the Bank provides technical assistance services to the clients thus helps to obtain more healthier results from the projects.

All transactions made in the name of the clients in fund management and on stock Exchange are realized with clear net instructions of the clients.

17- Social Responsibility

A number of social activities are carried out annually observing public benefit. In this context, a kindergarten is operated by the Bank for the children 3-6 ages, and the library of the Bank are kept open for the public, and the requirements of various institutions and organizations for

publications, training and stationary etc are met, and the participation of the employees to the campaigns such as blood donation are encouraged.

At the art gallery of the Bank operated in the building of the Bank located at İzmir Caddesi, artworks of 18 different including ceramic, painting and photographs are exhibited during 2008.

The participation of the Bank employees to cultural activities is encouraged.

Our Bank gives special importance to financing the projects aiming at protecting environment, and law and regulations related to the environmental issues are closely observed. In 2008, the works for making the Bank gain ISO 14001 Environment Management System have been initiated, and training programs on Environment Management Information Systems have been organized.

In 2008, a report on Discarding Solid Wastes in Cement Kilns was prepared and a presentation on this issue was carried out in the Bank. The works aiming at preparing a report over Carbon Absorption and Storage were initiated in 2008 as well. The developments on the fields such environmental technology, carbon emission etc are closely followed by participating in related fairs, congress and meetings and contributions required are made.

There is no law suit that has been filed against the Bank for any damage caused to the environment.

SECTION IV- BOARD OF DIRECTORS

18- The Structure and Composition of the Board of Directors and Independent Members

The structure of the Board of Directors is determined by the Establishment Law No. 4456 of the Bank. The Board is composed of seven members including the CEO and six members are elected by the General Assembly. According the Establishment Law, the General Manager is also the Chairman of the BOD.

Members of the BOD possess the required conditions to be elected that are stipulated by Turkish Trade Law, Banking Law No 5411 and the Bank Establishment Law No 4456.

In addition to this, an Auditing Committee was formed within the body of the Board of Directors according to the provisions of “the Regulation on Internal systems of the Banks” that is put into force by the Banking Regulation and Supervision Agency and published in the Official Gazette dated 01.11.2006 and numbered 26333, and a Corporate Governance Committee was established in accordance with the “Regulation on the Principles of Corporate Governance of the Banks”.

Board of Directors

Name and Surname	Title
Abdullah ÇELİK	Chairman and CEO
Ahmet YAMAN	Member (Vice Chairman)
Hakan TOKAÇ	BOD Member
İrfan TOKGÖZ	BOD Member
Özcan TENGİLİMOĞLU	BOD Member
Mehmet AYDIN	BOD Member
Şerif ÇELENK	BOD Member

(*) The following persons have served their terms of office as BOD members between the dates indicated: Osman KARA 28.04.2003- 30.04.2008; Mehmet UNCU 28.04.2003-30.04.2008; Asım ALTUN 01.05.2007-30.04.2008; Nedret Şerif ÇAKIRSOY 01.05.2007-30.04.2008; Ömer Faruk ÖZTÜRK 17.05.2007-30.04.2008; Zekai İŞILDAR 02.05.2008-15.01.2009; Adnan YALÇINCI 02.05.2008-29.01.2009.

Board of Auditors

Name and Surname	Title
Mustafa GÜNEŞ	Member of Board of Auditors
Bahri KIZILKAYA	Member of Board of Auditors
Mahmut Hadi EKİCİ	Member of Board of Auditors

(*) The following persons have served their terms of office as the members of Board of Auditors between the dates indicated: Esat Kaya TURGAY 30.11.1999-30.04.2008; Hasan AYDIN 02.07.2004-30.04.2008; Mustafa ÇOLAK 30.04.2007-30.04.2008; Mehmet AYDIN 30.04.2008- 20.02.2009.

19- Qualification of the Members of the Board of Directors

The members of the Board of Directors have the minimum qualifications stipulated by Article 3/1 of Section IV of the Corporate Governance Principles put by the Capital Market Board of Turkey, and the Banking Law, and Law No. 4456, and the Main Contract of the Bank.

In order to be elected to the membership of BOD, one should have the general qualifications that are required to be appointed as a public officer, and have university education, and three of the BOD member who are elected by General Assembly among the shareholder should have

education on law, economics, business management, finance, banking, public management or on an equivalent field and on a branch of engineering that is associated with these branches at least license level. There is no precondition for other members of BOD.

20- The Bank's Mission, Vision and Strategic Objectives

Law No. 4456 regulating the establishment of the Bank defines the objectives and scope of the Bank as follows: “In order to promote Turkey's development; is to grant loans to enterprises incorporated as joint stock companies, to provide them with financial and operational support by

participating in them, to channel both domestic and foreign savings into investments having potential to make contribution to the development of the country, to make contribution to the development of the capital markets, to finance domestic, foreign and international joint investments, and to carry out all functions of development and investment banking.”

The Bank's mission and vision adopted by the Board of Directors have been publicized by publishing at the web site of the Bank. The Mission of our Bank is “In the direction of development and sustainable growth of the country, by supporting the investments of the companies having status of Joint Stock Company through providing them with loans from domestic and international sources, and by participating in leading/ model enterprises as shareholder, to ensure to increase the level of employment, income and welfare.” And the vision of the Bank is: “As a leading institution for development and sustained growth, by supporting the investments on the basis of region, sector and technology, and by financing them efficiently and quickly, and by providing investors with supports in various form such as strengthening, encouraging and giving technical assistance, to become a development and investment bank at the international level.”

The mission, vision and strategic targets of the Bank are approved by the Board of Directors and the annual budget is prepared in accordance with these targets. The strategic targets, in compliance with the strategic objectives of the Bank, are in the forms of sub-objectives of each objective. Strategic targets are determined by taking into consideration the satisfactory, common, logical, outstanding, attainable and numerical qualities and with maximum participation.

The Bank's activities are arranged, in the form of tables, on the basis of the rate of attainment of the objectives and the past performances. These tables are given at monthly and annual reports and at annual work programs and the annual budgets that are submitted to the cognizance of the Board of Directors. And, the annual reports, work programs and the budget are submitted to the Board of Directors for the approval. The Board of Directors of the Bank monitors the attainment levels of these objectives together with the activities and the past performances and evaluates them as of six month periods.

21- Risk Management and Internal Control

The risk monitoring and internal control mechanism have been established in 2001, in compliance with the provisions of the Regulation on the Banks' Internal Control and Risk Management Systems published by the Banking Regulation and Supervision Agency (BRSA) depending on the Banking Law. It was reorganized later in accordance with the requirements of the Regulation on the Banks' Internal Systems that was published depending on the Banking Law No. 5411 which was put into effect in 2005. In the scope of the reorganization in question, the Executive Risk Management Committee was abolished, and a new Auditing Committee, which consists of three members of the Board of Directors, and which has no operational power, was set up. Board of inspectors, Internal Control and Risk Monitoring Managements, which are within the internal systems, are connected to Board of Directors via this Committee. Auditing Committee is responsible for providing effectiveness and proficiency of the units within the internal systems.

In this context, Board of Inspector, Risk Monitoring and Internal Control Managements present their reports and the results of the inspections they carry out to the Auditing Committee.

Internal Control Management, by taking into consideration certain control points specified, carries out its daily, weekly and monthly controls over the operative units that have direct effects on the profit and the loss of the Bank because of the results of the functions they have, in other words that have income creating activities. The control activities are monthly reported to Auditing Committee, to General Manager and to Board of Inspectors.

Since the risk management systems are established, the Risk policy that is observed by our Bank is briefed as to gain appropriate expertise on the subjects of duty, mission, and to assume the risks that can be defined, and that can be controlled and/ or that are manageable. The management of the risks in our Bank is carried out under supervision of the committees specified according to their activity areas. In this sense, the Assets and Liabilities Management Committee defines the risk policy of the Bank on the issues of current assets and foreign currency position in general, and Loans and Equity Participation Committee deals with the principles associated with credit risks. And the Risk Monitoring Committee of our Bank deals with the measurement and determining the effects of the risks that the Bank currently is under influence of and/ or that it may face in the future. In this regard, in the reports that are prepared by Risk Monitoring Committee (other than those that are sent to Banking Regulation and Supervision Agency), credit and market risks are measured by using various tables and calculations, and these reports are presented to the Auditing Committee

once a month. The reports that are presented to the Committee are also distributed to the members of the Board of Directors on monthly basis and are presented to the Board of Directors with the same intervals. So, both operative and managerial units of the Bank are kept informed about risk position of the Bank.

The risks of the Bank faces are followed up according to the risk definitions that is defined and reported for certain periods within the framework of BRSA regulations and within the framework of monthly TKB Risk Monitoring Format prepared by the Directorate of Risk Monitoring of the Bank. TKB Risk Monitoring Format which is developed by the Risk Monitoring Directorate of the Bank aims defining, inspecting, guessing development trend and in this connection, creating/ forming future scenarios for the exposed risks. In the framework of this format, risks of the Bank are examined under the six main headlines as Liquidity Risk, Exchange Rate Risk, Interest Rate Risk, Maturity Risk, Credit Risk and Operational Risk.

22- Authorities and Responsibilities of Members of Board of Directors and Executive Staff

The tasks and responsibilities of the board members are specified by the Law No. 4456 and the Main Contract that was amended at the General Assembly meeting held on 12.05.2000 in accordance with the Law.

The basic duty of the Board of Directors of the Bank is to act in order for the achieve the objectives specified in the framework of related legislations, Development Plans and Annual Programs.

The tasks of the Board of Directors and duties and authorities of the General Manager are defined by

the Law No. 4456 and the Main Contract of the Bank. Similarly the tasks and authorities of the executive staff of the Bank are specified by Board of Directors in accordance with “Regulation on Task, Authority, Responsibility and Principles of Organization”.

In this sense, the Board of Directors resolves on;

- a) The issues of extending credits to the clients and participating in their capitals, establishing new companies under the leadership of the Bank, selling and repurchasing the shares of the affiliated companies, and issuing profit guarantees,
- b) Opening, representation offices, branches and liaison offices in the country and abroad.
- c) Making decisions and taking precautions in order to provide financial sources for the Bank,
- d) Approving, monitoring and revising, when it is necessary, medium- and long- term plans and annual work programs that are prepared according to the article 9 of the Law .
- e) Making proposals to the General Assembly on the issues such as Balance Sheet, Profit- Loss Statement and the method of dividend distribution,
- f) Determining the rules and principle of the organization and the works that are required to achieve an effective operation, and making decisions on regulations,
- g) Appointments of executive staff in line with the suggestion made by the General Manager,
- h) In the case of any vacancy in the positions of Chairman and General Manager; determining the BOD member who will substitute the Chairman, and the Deputy General Manager who will substitute the General Manager for a

period not more than six month, and submitting its proposal to the Minister for approval,

- i) Selecting the candidates who will represent the Bank as BOD member and auditor at the affiliated companies. among the experts on the related area,
- j) Carrying out other tasks.

If the Board of Directors considers that it is necessary, it can transfer some of its authorities to the General Manager by setting the limits. The General Manager informs the Board of Director at its first meeting about what has been done on the issues authorized. The transfer of authority does not abolish the responsibility of the BOD.

23- Working Principles and Procedures of Board of Directors

The Law for Establishment No. 4456 and the Main Contract of the Bank stipulates that BOD meet minimum two times a month with absolute majority, that the resolutions be made with unanimous decision of this absolute majority, that the member be not allowed to use abstaining vote on any issue, and in the case of equality in any voting, the vote of the Chairman be regarded as two votes. The members of BOD are not furnished with veto right.

The procedure of informing the BOD members are conducted by Secretary to General Manager and BOD. The meeting time and the agenda of the BOD meeting are determined by the Chairman.

The files that are prepared according to agenda of the meeting are distributed to the members by Secretary to General Manager and BOD. Minutes are not recorded during the board sessions. Justification notes associated with counter votes

should be given in writing and be attached to Decision Book, which should be notarized. Counter vote justification notes are not publicized due to confidentiality principle.

Members personally participate to the Board meetings, in which important issues associated with the activities of the Bank are discussed.

In 2008, the Board held 25 meetings. Additionally, 22 interim decisions were made.

24- Prohibition of Transaction and Competition for Board Members

Board members are prohibited to be involved in any transaction and go into competition with the Bank.

25- Code of Ethics

An Ethics Commission was established within the Bank, according to the article 29 titled “Ethics Commission” of the “Regulation on Codes of Ethical Conduct for Civil Servants and Application Procedures and Criteria”, effective since it was published by the Prime Ministry in the Official Gazette dated 13.04.2005 and numbered 25785, and with the approval of the General Directorate, dated 22.04.2005 and numbered 1165. In addition, according to the article 23 of the same regulation having the title “Adhering to Ethical Conduct Principles, the “Ethical Contract” contained in the appendix of the regulation was signed by all Bank employees and placed in their personal files.

26- Number, Structure and Autonomy of Committees Established by the Board
AUDITING COMMITTEE

Within the framework of article 24 of the Banking Law No. 5411 and the provisions of “the Regulation on the Internal Systems of Banks”, and in accordance with the interim resolution Board of Directors numbered as 2006- interim resolution/ 227 and dated 31.10.2006, an Auditing Committee is established within the BOD in order to assist the BOD performing inspection and control the activities.

İrfan TOKGÖZ and Özcan TENGİLİMOĞLU were elected as the members of Auditing Committee with the decision of the Board of Management dated 12.05.2008 and numbered 2008-10-13/098. In the meeting of Auditing Committee on 21.05.2008 numbered 2008/5, İrfan TOKGÖZ is appointed as chairman, Özcan TENGİLİMOĞLU as deputy chairman.

Auditing Committee performs its duties in according to “the Working Principles and Procedures of the Auditing Committee”, which was put into effect with the resolution of the Board of Directors dated 24.01.2007 and numbered 2007-02-08/036. Committee held 14 meetings in 2008.

Auditing Committee

Chairman : İrfan TOKGÖZ
Vice Chairman : Özcan TENGİLİMOĞLU

(*) Hakan TOKAÇ and Osman Kara served as members of the Auditing Committee between the dates indicated respectively: 01.05.2007-12.05.2008 and 28.03.2003-12.05.2008

Corporate Governance Committee

Within the framework of the "Regulation On the Institutional Management Principles of Banks" published by Banking Regulation and Supervision Agency in the T.R. Official Gazette dated 01.11.2006 and numbered 26333 and the "Institutional Management Principles" published by the Capital Markets Board, a Corporate Governance Committee was established in order to perform activities for determining the principles related to Bank's policy on corporate management, and to monitor the adaptation with governance management principles, and to conduct activities aiming at improvements in this matter, and to make suggestions to the Board of Directors. The Committee was established with the resolution of our Board of Directors dated 15.06.2007 and numbered 2007-12-18/185, and

Operation Procedures and Principles of Institutional Management Committee was put into effect with the resolution dated 24.07.2007 and numbered 2007-15-01/ 209.

The duty of chairmanship of Board of Directors has been conducted by BOD member Ahmet YAMAN, who does not have an executive duty, since 12.05.2008. In his absence, the duty is conducted, as vice president, by BOD member Hakan TOKAÇ who also does not have an executive duty. The Management of Institutional Banking and Investment performs the secretary services for Corporate Governance Committee. The Committee conducted two meetings in 2008. Corporate Governance Committee continues its activities in order to improve the Corporate Management practices in the Bank.

Corporate Governance Committee

Chairman	: Ahmet YAMAN
Deputy Chairman	: Hakan TOKAÇ
Members	: Deputy General Directors whom Committee member departments are associated with Corporate Banking and Investments Manager Human Resources Manager Budget and Reporting Manager Strategic Planning and Quality Management Manager Finance Manager Information Technologies Manager Personnel for Adaptation to Capital Market Regulation (According to the Communiqué Series IV No. 41 of the Capital Market Board)

(*) Nedret Şerif ÇAKIRSOY and Asım ALTUN served as members of the Corporate Governance Committee between dates indicated respectively: 15.10.2007-12.05.2008 and 15.10.2007-12.05.2008.

27- Financial Privileges Provided to the Board Members

The salaries of BOD members are determined by the General Assembly. They are not entitled to any other compensation. However personnel credits are made available to BOD members according to

the rules applied for Bank's personnel as prescribed by the Personnel Loan Regulation. There is no credit, debt record or bail, concerning any board member or post- holder whether directly or through a third party, other than the credits stated above.



Financial Information and Evaluations Regarding Risk Management

Auditors Report

TO TÜRKİYE KALKINMA BANKASI A.Ş. ORDINARY GENERAL ASSEMBLY

Türkiye Kalkınma Bankası AŞ, which is based at the address of Necatibey Cad. No: 98 – Bakanlıklar/ ANKARA; provides financial and managerial support to efficient projects for development of Turkey, and channels domestic and foreign savings to investments directed to the development, and contributes to the improvement of capital market, and finances domestic, foreign and international joint venture investments, and conducts all sorts of functions of investment and development banking.

The operations of the bank between the dates 01.01.2008-31.12.2008 which are investigated by the members of the Board of Supervision of the Bank, Bahri Kızılkaya, Mustafa Güneş and Mahmut Hadi Ekici and reported to the Ordinary General Assembly constitute the subject of this report.

The balance sheet of the bank prepared as of 31.12.2008, the income statement that belongs to the fiscal period which has ended on the same date, cash flow statement, equity capital exchange and other explanatory notes have been analyzed.

As the members of the Board of Inspector, the proposals submitted to the Board of Director of the Bank are analyzed beforehand, and we are participated in all meetings of Board of Director partially or wholly.

The accounts and operations of the bank during the period of 01.01.2008-31.12.2008 are investigated through legal notebooks and documents according to Turkish Commercial Code, Articles of Association of the Bank and Other Regulations and Generally Accepted Accounting Principles and Standards; investigations and controls are made in three months periods based on Tax Regulation and Commercial Code. In addition, Cash Balance and Valuable Papers Balance are checked, and the consistency between company's valuable papers balance and legal notebooks records are controlled and nothing that needs to be revised was found. There had been no denouncements nor complaints that were submitted to our Board of Inspectors during the period.

When the records and operations on Bank's financial statements are evaluated together with Independent Auditing Report, it is found that;

- Financial Statements are prepared in accordance with the Regulation on Procedures and Principles Related to Banks' Accounting Practices and Preserving of Documents.
- Financial Statements are prepared in accordance with the "Obligation for Preparation Consolidated Financial Statements" communiqué on Preparation of Banks' Financial Statements.
- Financial Statements are consistent with the financial situation of Türkiye Kalkınma Bankası AŞ as of 31.12.2008 and operation results of the accounting period which has ended on the same date, and cash flows are compatible with the related regulations and are accurate.

In the present case; it is found, as the Board of Inspector, that the operations conducted are compatible with the Independent Auditing Report. The balance sheet that is prepared as of 31.12.2008, the income statement covering 01.01.2008-31.12.2008 period present the operation results related to the above mentioned period accurately and correctly; proposal for dividend distribution is compatible with laws and Articles of Association.

It is concluded that, consolidated financial statements of the accounts and operation results of Türkiye Kalkınma Bankası AŞ and its subsidiary Kalkınma Yatırım Menkul Değerler AŞ related to the period of 01.01.2008-31.12.2008 are compatible with accounting principles and standards and related regulations, and are accurate.

We kindly present Financial Statement and request the Board of Directors be acquitted. 06/04/2009.

MEMBERS OF THE BOARD OF SUPERVISION



Bahri KIZILKAYA



Mustafa GÜNEŞ



Mahmut Hadi EKİCİ

Assesments of the Auditing Committee Over the Operation of Internal Control, Internal Auditing and Risk Management Systems and Activities During the Accounting Period

The Auditing Committee of our Bank conducts its activities within the framework of the provisions of "Regulation on Internal Systems Banks" that was published, in Official Gazette dated 01 November 2006 and numbered 26333, by Banking Regulation and Supervision Agency. The Board of Inspectors, Internal Control and Risk Monitoring Managements, which are within the Internal Systems, directly report to the Board of Directors, and this relation are carried out via Auditing Committee.

In the "s" clause in the 2nd paragraph of 7th article, which is titled as "Authorities and Responsibilities of the Members of Auditing Committee", of the above mentioned Regulation, it is stated that: "Provided that it will not exceed six months, it should report the activities conducted and their results to the Board of Directors, state its opinions about the measures to be taken in the bank, and the activities that are needed to be done, and deliver its opinions on other matters which are regarded to be important for the bank to perform its functions safely."

With the Ordinary General Assembly Meeting that took place on 30.04.2008, members of the Board of Directors are selected again, and amongst these members İrfan TOKGÖZ and Özcan TENGİLİMOĞLU who do not have an executive responsibility in the bank are elected to Auditing Committee membership.

The Auditing Committee Report over the period of the first 6 months of 2008 has been accepted by the Board of Directors. Follow-up and coordination of the operations and activities in this report are done by the Internal Control Management.

In 2008 operating period, the activities of the units that report to our Committee have been monitored, the report and suggestions presented have been evaluated, and the activities of the units in question are summarized below

Internal Inspection: Internal inspection activities are conducted by the Board of Inspectors in our Bank.

The 3 monthly activity reports about the activities conducted by our Bank's Board of Inspectors are submitted to the Auditing Committee. The annual activity report is sent to Banking Regulation and Supervision Agency after the approval of our Bank's Board of Directors.

In the scope of the Risk Analysis Report prepared by Board of Inspectors as of 31.12.2007, and Internal Auditing Plan that is prepared according to the report, 6 Answered Inspection Reports and 6 Internal Control Activity Evaluation Report have been prepared.

In addition to this, outside the scope of Internal Inspection Plan, 6 Analysis and 5 Investigation reports have been prepared.

Activities performed by Internal Control Directorate:

Monthly activity reports prepared by the Internal Control Management as a result of the controls it has conducted in directorates that appear in financial reports have been discussed and evaluated in Auditing Committee Meetings.

Internal Control Management ensures that errors and failure (if they exist) that it comes across during the control activities it conducts are reported to the relevant units immediately and are corrected before the financial reports are published. It tries to take the necessary measures in coordination with the relevant units to prevent the same mistake being repeated.

The conducted activities are reported each month and are submitted to the General Manager and Board of Inspectors in addition to our Committee. Twelve "Internal Control Activity Reports" have been prepared by the management during January-December 2008.

Activities Conducted by the Risk Monitoring Management:

Existing and possible risks that the bank is faced with are analyzed within the scope of monthly report prepared by Risk Monitoring Directorate which includes risk definitions that are made within the framework of the regulations of Banking Supervision and Regulation Agency and announced in determined intervals and analyzed within the framework of the report with the content of "Development Bank of Turkey Risk Monitoring Format" and the report titled "Risk Analysis of Development Bank of Turkey According to Selected Indicators and Risk Groups".

Within this report there exist analyses about Liquidity Risk, Exchange Risk, Interest Rate Risk, Maturity Risk, Credit Risk and Operational Risk. The report that is prepared monthly by the management is submitted to the Board of Directors and to Assets and Liabilities Management Committee after being negotiated on at the Auditing Committee when it is necessary. During 2008, 12 Risk Analysis Reports have been prepared.

It is calculated by the "Standard Method" which takes place in the "Capital Sufficiency Ratio Form" that is prepared monthly and sent to Banking Regulation and Supervision Agency and is defined by the Risk Monitoring Management the Capital Liability Risk Based on Market Risk within the framework of the directive of Banking Regulation and Supervision Agency.



Özcan TENGİLİMOĞLU
Member of
Auditing Committee



İrfan TOKGÖZ
Chairman of
Auditing Committee

Türkiye Kalkınma Bankası A.Ş. Independent Auditing Report for the Period of 01.01.2008 - 31.12.2008

To the Board of Directors of Türkiye Kalkınma Bankası AŞ;

We have investigated the unconsolidated balance sheet, prepared as of 31.12.2008, and the income statement for the accounting period ending at the same date, and cash flow statement, and equity alteration statement of Türkiye Kalkınma Bankası AŞ, and important accounting policies and a summary of other explanatory notes.

Explanation about the Responsibility of the Board of Management of the Bank

Board of Management of the Bank is responsible for preparation of financial reports, which are discussed in this report, in accordance with the Regulation on Procedures and Principles Related to Banks' Accounting Practices and Preservation of Documents published in the Official Gazette dated 1 November 2006 and numbered 26333, and Accounting Standards of Turkey, and other regulations, announcement, circulars that are declared by Banking Regulation and Supervision Agency ("BRSA") about accounting and financial reporting principals and establishment of an internal control system that would enable preparation of reports that would be in accordance with the statements made by Banking Regulation and Supervision Agency in a way that they would not contain a significant wrong information as a result of mistake or misconduct and selection and application of appropriate accounting principles.

Explanation about the Responsibility of Authorized Auditing Organization

The responsibility we have, as an independent auditing organization, is to deliver our opinion on the financial statements that are investigated. Our independent auditing is compatible with the Regulation on Authorization of Organizations That Would Conduct the Independent Auditing in Banks and Their Activities dated 1 November 2006 and numbered 26333, and international auditing standards. Independent auditing is planned and conducted in a way to ensure in an acceptable way that financial statements do not contain a significant mistake. In independent auditing, auditing techniques that are aimed at collecting auditing evidences about the amounts in financial statements, and explanations and footnotes of financial statements are used. These techniques are left to the initiative of the independent auditors we employ; but the auditing techniques that are appropriate to the circumstances are decided by taking into account the efficiency of internal control activities in preparation and presentation of financial statements and assessing the appropriateness of the accounting policies that are implemented. Enough and appropriate auditing evidence is provided in order to form the independent auditing opinion that is declared below.

Opinion of the Independent Auditor

In our opinion, the financial statements that are attached, with all of its significant parts, represent the financial position of Türkiye Kalkınma Bankası AŞ as of 31 December 2008, and results of its operations during the period that has ended on the same date, and cash flows correctly in accordance with the accounting principles and standards that are determined with the regulations in effect in accordance with the Banking Law numbered 5411 and other regulations, communiqués, circulars that are declared by BRSA about accounting and financial reporting principals.

Ankara, 10 March 2009, 2009/06

Rehber Independent Auditing and Certified Consultancy A.Ş.
A Member of International Eurogroup Consult



Adil Öner, YMM (Certified Financial Consultant)
Responsible Partner, Chief Auditor

Information About the Risk Management Policies

In our Bank, risk management and internal auditing functions are conducted in accordance with regulations that are in accordance with the BRSA Regulation and provisions of Banking Law numbered 5411.

The general principle of the risk policies followed by our Bank can be summarized as specializing in fields of activities that are compatible with the mission, vision and structure that are determined with our establishment law, taking risks that can be defined, controlled and/ or managed in that respect, and not taking risks that are oriented at speculation except the risks which emerge as a result of the nature of its activities and which are unavoidable. It is a basic principle that ensuring that the risks that will be taken within this scope are defined and manageable risks. Furthermore, computation of the existing and future potential effects of the risks taken is provided to the extent that risk measurement and reporting techniques permit. The efforts of the Bank in this direction will be maintained. Risk management policies of the Bank concerning basic risk groups in the framework of definition and monitoring of each risk group can be summarized as below:

Credit Risk Policy

In the risk management of the Bank, the basic principles of the counterparty risk and its own risks are listed below:

Counterparty Risk in Credit Risk Management

Bank's authorized organs decide whether a credit relation will be established with a company that demands credits from the bank depending on the conclusion that emerges as a result of credit evaluation process, whether or not the demand changes depending on the type or maturity date of the credit demanded. The limits of the authority of authorized organs in evaluating the credit demands are decided by the Bank with the related regulations. This practice will be maintained as fundamental of the credit policy in the upcoming period.

Taking security for all the credits made available by the bank is a fundamental principle. What can be taken as a security by the bank, the types of the security that will be taken by the bank will be continued to be determined by the relevant regulations, the type and amount of the security that will be taken from the firms demanding exclusive credit will be continued to be determined by the Banks' authorized organs. In designating which organs of the Bank will be authorized in terms of credit, the authorization limits in the first paragraph will be decisive.

In the cases that the security to be taken is a guarantee letter, which banks' guarantee letter will be accepted is decided with a grading system through which the banks in the system are evaluated by taking their performances into consideration. This evaluation is renewed at least every year and in interludes whenever it is demanded.

The financial data of the companies, to which the bank has provided credits, whose credits are suspended or a new payment schedule is arranged for, are analyzed regularly until the encasing and liquidation of the risk is completed. For the companies whose risk is above a certain amount or there exists a need for an analysis, analysis and evaluations are conducted both in corporate head quarters and facilities. A Situation Report or Monitoring Report including the suggestions that are developed as a result of the analysis and evaluations made is prepared. This practice targeting the problematic credit portfolio of the bank will be maintained.

Strategy Risk in Credit Risk Management

Within the framework of credit risk management, revision studies, related to all stages of the process, are conducted, primarily in studies that are based on shortening of project evaluation period and developing format, in order to make the credit evaluating process more effective. In addition to this, in order to make credit evaluation process more objective and to get prepared for Basel II application, our Bank has developed a grading system module which will shorten the credit process, which will make sure that the evaluation of the credit demands is made in an objective manner through criteria with determined standards. Our bank has been using the system since January 2007. Studies about making the grading system, which is started to be used, at the intelligence phase of the credit extending process as a result of the internal grading studies which target the mid and long term lending processes, a more effective tool in the upcoming period continue.

Information on which region and sector the credit policy of the bank is concentrated is monitored by taking into account the sectoral, geographic and firm based concentration rates of credits and it is aimed that the Bank's credit portfolio will reach a more balanced portfolio range in new credit placements. In the upcoming period, in credit

facility policy, the priorities within the scope of Bank's strategic aims and sector priorities of energy, tourism, and education and health sectors will be taken into consideration. In addition to this, it is aimed that the study conducted by the Bank, which is titled "Structural Analysis and Sectoral Performance Evaluation of the Manufacturing Industry of Turkey (With Regard to 22 Main Sectors)" will become an effective guiding tool in determining which sector and region the Bank's credit facility targets will concentrate.

Market Risk Policy

Market risk, interest rate risk that emerge as a result of the changes in the interest, exchange rate and the price of stock certificates, that are caused by the fluctuations in the positions held by banks in the accounts inside and outside of the balance sheet, are handled individually as they contain stock certificate position risk and exchange risks.

Interest Rate Risk Policy

The basic principle of the Bank in interest rate risk policy is to create a parallel (correspondence) with constant and floating rate resources and constant and floating rate usages intended for credit portfolio and avoiding disharmony. Within the scope of lending activity, increasing the share of line credits in the distribution of credit portfolio is the most effective activity in decreasing credits' interest rate risk (interest risk of credit portfolio).

Within the framework of this basic principle, optimization of portfolio distribution in cash management, which has an important share within the total active, will be elicited by taking the bearable loss and risk limits into consideration (liquid portfolio's interest risk).

Exchange Rate Risk Policy

Exchange rate risk which is based on "Foreign Currency (FC) Net General Position" can be defined as the difference between exchange assets of the bank and its exchange liabilities. Our bank's risk policy is based on keeping the "FC Net General Position" at a level that would minimize the risk, in other words, balancing of assets and liabilities in foreign currency as much as possible. In managing the exchange rate risk which emerges as a result of the foreign currency position surplus created by the mid and long term investment credits, management of assets play a significant role rather than the management of holdings. Accordingly, the Bank will continue its policy of keeping the foreign currency stock at minimum, converting the collection that are made from foreign exchange credits to Turkish Lira and not buying foreign exchange apart from obligatory cases (foreign debt payments, foreign exchange transactions, etc.) as long as the overbalance in question continues.

By keeping this basic target intact, the existing foreign currency holdings will be placed with the most adequate interest rates and the opportunities that emerge in foreign currency market during appropriate time and conditions will be tried to be evaluated with the aim of active and passive management.

In the exchange rate risk policies of the Bank, balancing is the main objective, yet depending on the collection of available credit facilities and conjuncture, the proportion of exchange rate assets to exchange liabilities can be made more flexible within legal limits with the decision of Bank Management. In that case, the foreign currency position will be managed within the framework of the determined foreign currency position rate.

When it is necessary to manage the exchange rate risk within the framework of the above mentioned policy, forward, futures and swap operations with the aim of hedging can be conducted with the suggestion of Assets and Liabilities Management Committee and approval of the General Director.

Liquidity Risk Policy

In the current situation, in the liquidity risk management policy of the bank where the average term to maturity of the assets is significantly short compared to its liabilities thus has a high rate of meeting the liabilities; after the arrangement of asset's maturity composition by taking the dates of refundment of liabilities into consideration, action should be taken by taking the alternative incomes into consideration in valorization of the remaining liquid assets. In addition, as monthly predicted cash flows related to meeting the rates of mid and long term future liabilities can be monitored continually, elements that pose a risk can be identified aforetime. Initiatives are taken by the relevant units within the limits regarding the Treasury Transactions that are determined by the Assets and Liabilities Management Committee. The liquidity risk management policy, which is currently implemented in the Bank, will be maintained.

Operational Risk Policy

The main objective of the operational risk management policies of the bank is identification of the risks before they occur, regular reporting and analysis of the risks. Accordingly, the basic principle in risk management policy is defined as "hedging" ("taking precautions") in order to prevent the risk from occurring. The most effective tool in management of the risk in question is to increase the controls over all phases of these processes by putting down thoroughly all operational phases in our bank in writing. The operational risks are not digitized in our Bank. However, the head of internal control directorate carries on its controls over identified control points in a way to prevent possible operational mistakes that might emerge in fundamental operational units. So, operational risks are minimized within the framework of existing job descriptions, regulations and legislation.

Evaluation on Financial Position, Profitability and Debt Servicing

Financial situation of the Bank as of 31.12.2008 given in comparison to the information dates 31.12.2007 is provided in the following tables.

Structure of Assets		(% Share)
	31 Dec. 2007	31 Dec. 2008
Cash Balances and Central Bank	0,02	0,01
Banks and Money Market	27,43	21,28
Actual Value Difference in Profit/ Financial		
Assets Classified as Reflected to the Loss	13,53	10,71
Marketable Securities	0,89	0,65
Loans	48,35	57,53
Loans under Follow-up (net)	0,32	0,00
Stocks and Bonds Held until Expiry	0,40	2,47
Equity Participations and Subsidiaries	1,78	1,60
Tangible Assets	4,87	3,85
Other Assets	2,41	1,90
TOTAL	100,00	100,00

Liquid Assets		(Thousand YTL)	
	31 Dec. 2007	31 Dec. 2008	Change (%)
Cash and Balances with Central Bank of Turkey	190	67	-64,7
Actual Value Difference in Profit/ Financial Assets Classified as			
Reflected to the Loss	110.625	109.626	-0,9
Banks and other Financial	138.770	47.829	-65,5
Money Markets	85.537	170.071	98,8
Securities Available for Sale	7.266	6.696	-7,8
TOTAL	342.388	334,289	-2,4

Liquidity**(%)**

	31 December 2007	31 December 2008
Liquid Assets/External Resources	95,18	61,94
Liquid Assets/Total Assets	41,87	32,65

As per the end of the year 2008, the proportion of the loans within total assets increased to 57.5. Yet in security placements, although it decreased a certain amount with regards to Actual Value Difference in Profit/ Financial Assets Classified as Reflected to the Loss, the proportion of the portfolio of total securities did not changed too much as a consequence of the increase in the portfolio of stocks and bonds held until expiry.

In 2007, the liquid assets with a value of 342,388 thousand YTL had been actualized with a value of 334,289 YTL with a regression in the ratio of 2.4 %. As per 31.12.2008, money markets had predominantly been preferred in the placement of liquid assets. Non-liquid items increased more, although security placement took place; due to the fact that our bank increased its stocks and bonds held until expiry, which are not considered as liquid assets. As a result of this, there had been a regression in the ratio of Liquid Assets/ Total Assets.

While the proportion of the liquid assets within total assets receded, the proportion of external resources, which are primarily used in loan financing, had increased. As a result, the ratio of Liquid Assets/External Resources with a level of %95.8 in the year 2007 receded to the level of 61.94 % in the year 2008. In spite of the regression in question, our bank has the capacity of affording 62 % of medium and long- term external resources with short- term liquid assets.

Assets Quality**(% Share)**

	31 Dec. 2007	31 Dec. 2008
Loans (Net)/ Total Assets	48,35	57,53
Provisions for Receivables in Follow up/ Receivables in Follow-up	95,51	100,00

Loans**(Thousand YTL)**

	31 Dec. 2007	31 Dec. 2008	Change (%)
Loans (Net)	398.010	589.070	48,0
Loans	395.373	589.070	49,0
Receivables in follow-up (Gross)	58.681	64.928	10,6
Provisions (-)	56.044	64.928	15,9
Receivables in follow-up (Net)	2.637	0	-100,0

In 2008, the loan volume of our Bank raised to 589,070 YTL with an increase of 43 %. The same year, the proportion of the loans within the total assets increased to 57.53 % from 48.35 %. Due to these developments in terms of the loans in the year 2008, the asset structure of our bank has become loan weighted. With the precautionary principle carried out at the end of the year, provisions were made for all of the follow-up loans and therefore the net amount of follow-up loans was reset and the asset quality increased.

Structure of Liabilities**(% Share)**

	31 Dec. 2007	31 Dec. 2008
Money Markets	0,02	0,03
Loans Received	26,34	36,13
Funds	13,49	12,51
Provisions	2,0	1,94
Other Liabilities	2,14	2,10
Shareholders Equity	56,01	47,29
Profit/ Loss	5,27	3,58
TOTAL	100,00	100,00

Our bank has adopted external resource- weighted loan placement policy as a principle in order to enlarge its balance sheet. In this way, while the proportion of the receivable loans from the assets have increased, the loans received from the liabilities have also been increased. The proportion of the received loans within total liabilities has increased from 26.34 to 36.13. In relation to this fact, the proportion of shareholders equity within total liabilities has receded to an amount of 47.29 from 56.0. Our Bank, which is a state owned bank possessing a powerful equity structure aims at reaching the highest capacity of action that its shareholders equity could meet.

Sources of Profit/ Loss**(Thousand YTL)**

	31 Dec. 2007	31 Dec. 2008
Interest Income	83.317	82.035
Foreign Exchange Gains	-3.638	7.827
Fees and Commissions In.	7.724	11.009
Gains from Transactions in Security Markets	1.559	1.027
Gains from Other Activities	-34.697	-56.025
Net Cash Position P/L	0	0
Profit Before Taxes	54.264	45.873
Tax Provisions (-)	11.176	9.194
Extraordinary P/L After Tax	0	0
Net Profit (Loss)	43.088	36.679

Revenues/ Expenditures**(% Share)**

	31 Dec. 2007	31 Dec. 2008
Revenues	100,00	100,00
Interest Income	72,98	69,73
Foreign Exchange Gains	1,22	7,16
Commissions Income	6,15	7,57
Gains from Transactions in Security Markets	1,13	0,67
Other Revenues	18,52	14,87
Expenditures	100,00	100,00
Interest Expense	20,86	23,01
Foreign Exchange Losses	6,34	2,93
Commissions Paid	0,91	0,53
Security Market Transaction Expenditures	0,00	0,00
Other Expenditures	71,89	73,53

When the revenue and expenditure structure of our Bank is investigated as of the end of the year 2008, it is noticed that the foreign exchange gains have significantly increased in relation to the surplus of foreign currency position in the balance sheet; whereas interest expenses have increased parallel to received loans.

The high amount of profit gained as a result of the sale of Erdemir shares in 2006 has been distributed as dividend. Due to the fact that dividend payments were made in August 2007, the cost of dividend payments was exploited among our bank's liquid assets, allowing the interest revenue and the amount of profit to be increased. In 2008, there had been a considerable increase in the amount of interest revenue gained from loans, which, among other interest revenues, are the predominant field of activity of our bank.

Rating of the Bank and Its Content

The international credit rating institution Fitch Ratings fixed the credit grading of the Bank as of 28.11.2007 as seen below.

Credit Rating:	Outlook
Long Term Loans in Local Currency	"BB"Stable
Long Term Loans in Foreign Currency	"BB-"Stable
Short Term Loans in Foreign Currency	"B"
Short Term Loans in Local Currency	"B"
Long Term National Credit Rating	"AA+(TUR)"Stable
Individual	" D "
Support	" 3 "

Selected Financial Information and Indicators
for the Period of 2004-2008 ^(*)

	(Thousand YTL)				
	31.12.2004	31.12.2005	31.12.2006	31.12.2007	31.12.2008
Total Assets	517.569	689.687	883.819	817.806	1.023.870
Liquid Assets	226.400	336.828	433.379	342.388	334.289
Total Loans (Net)	213.366	286.373	333.404	398.010	589.070
Loans in Follow-up (Net)	13.879			2.637	0
Paid in Capital	150.000	160.000	160.000	160.000	160.000
Shareholder Equity (Inc. Profit)	391.856	451.067	537.533	458.096	484.158
Interest Income (Net)	45.840	37.086	62.810	83.316	82.035
Non-interest Income (Net)	2.551	(12.235)	93.339	-40.228	-45.356
Net Cash Position Profit/ Loss	(30.505)	-	-	-	0
Net Profit/ Loss	17.886	24.851	156.149	43.088	36.679

	(%)				
Total Loans/ Total Assets	41,2	41,52	37,72	48,7	57,5
Loans in Follow- up (Net)/ T. Loans	6,5	0	0	0,6	0,0
Shareholders Equity/ Total Assets	75,7	65,40	60,82	56,0	47,3
Assets Profitability	3,5	3,60	17,67	5,3	3,6
Equity Profitability	4,6	5,51	29,05	9,4	7,6

(*) 01.01.2005 is recognized as the date of transition to Turkish Accounting Standards. With the purpose of allowing the financial charts to be presented comparatively, it has been organized in accordance with the provisions concerning the transition to Turkish Accounting Standards. As a result of this adjustment, the 2005 profit was revised to 24,581 thousand YTL from 26,526 thousand YTL

Türkiye Kalkınma Bankası A.Ş.
1 January 2008 - 31 December 2008
Period Financial Report and
Independent Auditors' Report

Türkiye Kalkınma Bankası A.Ş. Financial Report for the year Ended, 31 December 2008

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The year-end financial report prepared in accordance with the Banking Regulation and Supervision Agency Bulletin "Bulletin on Financial Statements to be Presented to the Public by Banks and Notes to Those Financial Statements" consists of the following sections.


- GENERAL INFORMATION ABOUT THE BANK
- FINANCIAL STATEMENTS OF THE BANK
- NOTES ON THE APPLIED ACCOUNTING POLICIES IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE OF THE BANK
- NOTES TO THE FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- INDEPENDENT AUDITORS' REPORT

The financial statements and notes to the financial statements included in this report are prepared in thousand New Turkish Liras unless otherwise stated according to the Regulation on the Procedures and Basis Concerning the Accounting Policies and Preservation of Documents of Banks, Turkish Financial Reporting Standards, attachments and interpretations concerning those standards and our Bank records, audited and presented below.


Abdullah ÇELİK
Head of Board of Directors
and General Manager


İrfan TOKGÖZ
President of Audit
Committee


Özcan TENGİLİMOĞLU
Audit Committee
Member


S. Cansel İNANKUR
Assistant General Manager
Responsible for
Financial Reporting


Salih DEMİREL
Finance Manager

Information on the authorized personnel that can be asked about this financial report:

Name Surname/Title: Serpil KARACA / Assistant Finance Manager
Tel No : 0 312 - 418 84 87 Fax No : 0 312 - 418 22 94

TÜRKİYE KALKINMA BANKASI A.Ş.
Notes to the Financial Statements Dated 31 December 2008
(Figures are in thousand New Turkish Liras (YTL) unless otherwise stated)

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Section One General Information

I- Establishment date, beginning status, history of the bank including changes in the beginning status of the Bank

The Bank was established on 27 November 1975 according to the Decree Based on Law Numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of "Devlet Sanayi ve İşçi Yatırım Bankası". Some adjustments were made on the status of the Bank with the Decree Based on Law Numbered 165 dated 14.11.1983.

On 15 July 1988, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Based on Law Numbered 329 in parallel with the developments in its service range. The Bank has become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the Supreme Planning Council decision dated 20 January 1989 numbered 89/T-2. Also with the Decree Based on Law Numbered 401 dated 12.02.1990 some of the articles of Bank status were changed.

With the Law Numbered 4456 dated 14.10.1999, Decrees Based on Law Numbered 13, 165, 329 and 401 were revoked and the establishment and operating rudiments were rearranged.

II- Capital structure of the Bank, partners solely or jointly holding the direct or indirect administration and audit rights, explanation concerning the Bank including the changes in those issues if present

The capital ceiling of the Bank which is subject to recorded capital system is 500.000.000 YTL. The share capital level of according to that share is 160.000.000 YTL (The Bank's capital consist of 16.0 Million lots that one of each costs 0,01 YTL) and the shareholders and their shares in the share capital are shown below.

Shareholders	Share Amount (Thousand YTL)	Share (%)
Treasury	158.530,45	99,08
Other Shareholders	1.469,55	0,92
Total	160.000,00	100,00

III- Explanations concerning the shares of head of Board of Directors and members, audit committee members and general manager and assistants of the Bank

Head and Members of the Board of Directors:

Head of Board of Directors: : Abdullah ÇELİK
Board of Directors Members: : Ahmet YAMAN
Hakan TOKAÇ
Adnan YALÇINCI (*)
Zekai İŞILDAR (*)
Özcan TENGİLİMOĞLU
İrfan TOKGÖZ
Mehmet AYDIN (**)
Şerif ÇELENK (**)

The Head and Members of Board of Directors do not own any shares in the Bank.

(*) Adnan YALÇINCI on the date 29.01.2009, Zekai İŞILDAR on the date 15.01.2009 resigned from the member of the Board of Directors.
(**) Mehmet AYDIN and Şerif ÇELENK have been promoted to be a member of the Board of Directors and started to their job on 02.03.2009 and will be submitted to the approval of General Assembly on 20.02.2009

Audit Committee Members : Mehmet AYDIN (**)
Bahri KIZILKAYA
Mustafa GÜNEŞ
Mahmut Hadi EKİCİ (***)

General Manager and Assistants
General Manager : Abdullah ÇELİK
Assistant General Managers : S. Cansel İNANKUR
Bahattin SEKKİN
Adnan YALÇINCI
Zekai İŞILDAR (V.) (*)

(*)Has been promoted to Assistant General Manager position with 2009/10717 numbered decision regarding to the 27123 numbered and 27.01.2009 dated Legal Gazette and has started his job on 30.01.2009
(**) Mehmet AYDIN has resinged from the Audit Committee on 20.02.2009
(***) Mahmut Hadi EKİCİ has been promoted to become a member of Audit Committee on 20.02.2009

IV- Explanations concerning persons or companies holding privileged shares of Bank

The Treasury owns 99.08 of the Bank.

V- Summarized information on the types of service and field of operation of the Bank

The field of operation of Türkiye Kalkınma Bankası A.Ş. which is a development and investment bank is; provide loans, provide financing and administration support by purchasing shares of establishments with the status of "Incorporated Company" for the development of Turkey, to direct domestic and foreign savings into development investments, to assist in the development of capital market, to finance domestic and foreign joint ventures and carry on all kinds of development and investment banking activities.

Section Two
Financial Statements of Bank

- I-** Balance Sheet (Appendix: 1-A)
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VII- Profit Distribution Table (Appendix:1-F)

Non-Consolidated Balance Sheet

Appendix: 1-A

Thousand New Turkish Lira							
	Disc.	Current Period (31.12.2008)			Prior Period (31.12.2007)		
		TC	FC	Total	TC	FC	Total
ASSETS							
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	67		67	190		190
II. FINANCIAL ASSETS WHERE FAIR VALUE CHANGE IS REFLECTED TO INCOME STATEMENT (Net)	(2)	109.626	0	109.626	110.625	0	110.625
2.1.Financial assets held for trading		109.626	0	109.626	110.625	0	110.625
2.1.2.Public sector debt securities		109.626		109.626	110.625		110.625
2.1.3.Securities representing a share in capital				0			0
2.1.4.Other marketable securities				0			0
2.2.Financial assets where fair value change is reflected to income statement		0	0	0	0	0	0
2.2.1.Public sector debt securities				0			0
2.2.2.Securities representing a share in capital				0			0
2.2.3.Other marketable securities				0			0
2.3.Derivative financial assets held for trading				0			0
III. BANKS	(3)	5.148	42.681	47.829	124.333	14.437	138.770
IV. MONEY MARKET SECURITIES		170.071	0	170.071	85.537	0	85.537
4.1.Interbank money market placements		170.071		170.071	85.537		85.537
4.2.Istanbul Stock Exchange money market placements				0			0
4.3.Receivables from reverse repurchase agreements				0			0
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	6.696	0	6.696	7.266	0	7.266
5.1.Securities representing a share in capital		969		969	988		988
5.2.Public sector debt securities				0			0
5.3.Other marketable securities		5.727		5.727	6.278		6.278
VI. LOANS	(5)	252.068	337.002	589.070	182.962	215.048	398.010
6.1.Loans		252.068	337.002	589.070	180.325	215.048	395.373
6.1.1.Loans granted to the Bank's risk group				0			0
6.1.2.Other		252.068	337.002	589.070	180.325	215.048	395.373
6.2.Loans under follow-up		64.928		64.928	58.681		58.681
6.3.Specific provisions (-)		64.928		64.928	56.044		56.044
VII. FACTORING RECEIVABLES				0			0
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	25.332	0	25.332	3.262	0	3.262
8.1.Public sector debt securities		25.332		25.332	3.262		3.262
8.2.Other marketable securities				0			0
IX. INVESTMENTS AND ASSOCIATES (Net)	(7)	5.082	632	5.714	5.311	0	5.311
9.1.Accounted with equity method				0			0
9.2.Non-consolidated investments and associates		5.082	632	5.714	5.311	0	5.311
9.2.1.Financial investments and associates			632	632			0
9.2.2.Non-financial investments and associates		5.082		5.082	5.311		5.311
X. SUBSIDIARIES (Net)	(8)	10.652	0	10.652	9.246	0	9.246
10.1.Non-consolidated financial subsidiaries		8.987		8.987	9.246		9.246
10.2.Non-consolidated non-financial subsidiaries		1.665		1.665			0
XI. JOINT VENTURES (BUSINESS PARTNERS) (Net)	(9)	0	0	0	0	0	0
11.1.Accounted with equity method				0			0
11.2.Non-consolidated joint ventures		0	0	0	0	0	0
11.2.1.Financial joint ventures				0			0
11.2.2.Non-financial joint ventures				0			0
XII. RECEIVABLES FROM LEASING TRANSACTIONS (Net)	(10)	3	0	3	2	0	2
12.1.Finance lease receivables				0			0
12.2.Operational leasing receivables		3		3	2		2
12.3.Others				0			0
12.4.Unearned income (-)				0			0
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	0	0	0	0	0	0
13.1.Fair value hedges				0			0
13.2.Cash flow hedges				0			0
13.3.Hedges for investments made in foreign countries				0			0
XIV. PROPERTY AND EQUIPMENT (Net)	(12)	39.464		39.464	39.868		39.868
XV. INTANGIBLE ASSETS [Net]	(13)	857	0	857	157	0	157
15.1.Goodwill				0			0
15.2.Other		857		857	157		157
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(14)			0			0
XVII. ASSETS FOR TAX	(15)	16.236	0	16.236	16.248	0	16.248
17.1.Current assets for tax		7.713		7.713	8.207		8.207
17.2.Deferred assets for tax		8.523		8.523	8.041		8.041
XVIII. PROPERTY AND EQUIPMENT HELD OR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)	(16)	0	0	0	0	0	0
18.1.Held for sale purpose				0			0
18.2.Held from terminated operations				0			0
XIX. OTHER ASSETS	(17)	2.019	234	2.253	3.108	206	3.314
TOTAL ASSETS		643.321	380.549	1.023.870	588.115	229.691	817.806

Non-Consolidated Balance Sheet

Appendix: 1-A

Thousand New Turkish Lira							
	Disc.	Current Period (31.12.2008)			Prior Period (31.12.2007)		
		TC	FC	Total	TC	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	0	0	0	0	0	0
1.1.Deposits held by the Bank's risk group				0			0
1.2.Other				0			0
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)			0			0
III. FUNDS BORROWED	(3)	4.087	365.828	369.915	4.579	210.812	215.391
IV. INTERBANK MONEY MARKET		294	0	294	126	0	126
4.1.Interbank money market payables				0			0
4.2.Istanbul Stock Exchange money market payables				0			0
4.3.Funds provided under repurchase agreements		294		294	126		126
V. MARKETABLE SECURITIES ISSUED (Net)		0	0	0	0	0	0
5.1.Bills				0			0
5.2.Asset backed securities				0			0
5.3.Bonds				0			0
VI. FUNDS		128.079	46	128.125	110.247	35	110.282
6.1.Borrower funds				0			0
6.2.Other		128.079	46	128.125	110.247	35	110.282
VII. MISCELLANEOUS PAYABLES		1.774	407	2.181	1.927	84	2.011
VIII. OTHER EXTERNAL RESOURCES	(4)	5.053	3.221	8.274	3.824	171	3.995
IX. FACTORING PAYABLES				0			0
X. LEASING TRANSACTONS PAYABLES	(5)	0	0	0	0	0	0
10.1.Finance leasing payables				0			0
10.2.Operational leasing payables				0			0
10.3.Other				0			0
10.4.Deferred finance leasing expenses (-)				0			0
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING	(6)	0	0	0	0	0	0
11.1.Fair value hedges				0			0
11.2.Cash flow hedges				0			0
11.3.Hedges for investments made in foreign countries				0			0
XII. PROVISIONS	(7)	19.836	0	19.836	16.383	0	16.383
12.1.General provisions		4.551		4.551	1.800		1.800
12.2.Restrukturing reserves				0			0
12.3.Reserves for employee benefit		15.285		15.285	14.583		14.583
12.4.Insurance technical reserves (Net)				0			0
12.5.Other provisions				0			0
XIII. LIABILITIES FOR TAX	(8)	11.087	0	11.087	11.522	0	11.522
13.1.Current - Liabilities for tax		11.087		11.087	11.522		11.522
13.2.Deferred - Liabilities for tax				0			0
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS	(9)	0	0	0	0	0	0
14.1.Held for sale purpose				0			0
14.2.Held from terminated operations				0			0
XV. SUBORDINATED LOANS	(10)			0			0
XVI. SHAREHOLDERS' EQUITY	(11)	484.158	0	484.158	458.096	0	458.096
16.1.Paid-in capital		160.000		160.000	160.000		160.000
16.2.Supplementary capital		212.100	0	212.100	212.910	0	212.910
16.2.1.Share premium		1.491		1.491	1.491		1.491
16.2.2.Share cancellation profits				0			0
16.2.3.Valuation changes of marketable securities		4.067		4.067	4.877		4.877
16.2.4.Revaluation changes of property and equipment				0			0
16.2.5.Revaluation changes of intangible assets				0			0
16.2.6.Revaluation changes of real estates for investment purpose				0			0
16.2.7.Free shares from investment and associates, subsidiaries and joint ventures (business partners)		468		468	468		468
16.2.8.Hedging funds (Active part)				0			0
16.2.9.Value increase in property and equipment held for sale purpose and held from terminated operations				0			0
16.2.10.Other capital reserves		206.074		206.074	206.074		206.074
16.3.Profit reserves		75.379	0	75.379	42.098	0	42.098
16.3.1.Legal reserves		24.359		24.359	22.021		22.021
16.3.2.Status reserves				0			0
16.3.3.Extraordinary reserves		51.020		51.020	20.077		20.077
16.3.4.Other profit reserves				0			0
16.4. Profit or loss		36.679	0	36.679	43.088	0	43.088
16.4.1.Prior year income/loss				0			0
16.4.2.Current year income/loss		36.679		36.679	43.088		43.088
TOTAL LIABILITIES		654.368	369.502	1.023.870	606.704	211.102	817.806

Non-Consolidated off Balance Sheet Commitments

Appendix: 1-B

Thousand New Turkish Lira							
	Disc.	Current Period (31.12.2008)			Prior Period (31.12.2007)		
		TC	FC	Total	TC	FC	Total
A. OFF BALANCE SHEET COMMITMENTS		50.494	220.943	271.437	151	18.233	18.384
I. GUARANTEES AND WARRANTIES	(1), (3)	80	4.222	4.302	151	1.181	1.332
1.1.Letters of guarantee		80	0	80	151	0	151
1.1.1.Guantees subject to State Tender Law				0			0
1.1.2.Guarantees given for foreign trade operations				0			0
1.1.3.Other letters of guarantee		80		80	151		151
1.2.Bank acceptances		0	0	0	0	0	0
1.2.1.Import letter of acceptance				0			0
1.2.2.Other bank acceptances				0			0
1.3.Letters of credit		0	4.222	4.222	0	1.181	1.181
1.3.1.Documentary letters of credit				0			0
1.3.2.Other letters of credit			4.222	4.222		1.181	1.181
1.4.Prefinancing given as guarantee				0			0
1.5.Endorsements		0	0	0	0	0	0
1.5.1.Endorsements to the Central Bank of Turkey				0			0
1.5.2.Other endorsements				0			0
1.6.Securities issue purchase guarantees				0			0
1.7.Factoring guarantees				0			0
1.8.Other guarantees				0			0
1.9.Other warranties				0			0
II. COMMITMENTS	(1), (3)	50.414	216.721	267.135	0	17.052	17.052
2.1.Irevocable commitments		0	20.426	20.426	0	17.052	17.052
2.1.1.Asset purchase and sales commitments				0			0
2.1.2.Deposit purchase and sales commitments				0			0
2.1.3.Share capital commitment to associates and subsidiaries			20.426	20.426		17.052	17.052
2.1.4.Loan granting commitments				0			0
2.1.5.Securities issue brokerage commitments				0			0
2.1.6.Commitments for reserve deposit requirements				0			0
2.1.7.Payment commitments for checks				0			0
2.1.8.Tax and fund liabilities from export commitments				0			0
2.1.9.Commitments for credit card expenditure limits				0			0
2.1.10.Commitments for credit cards and banking services promotions				0			0
2.1.11.Receivables from short sale commitments				0			0
2.1.12.Payables for short sale commitments				0			0
2.1.13.Other irrevocable commitments				0			0
2.2.Revocable commitments		50.414	196.295	246.709	0	0	0
2.2.1.Revocable loan granting commitments		50.414	196.295	246.709			0
2.2.2.Other revocable commitments				0			0
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	0	0	0	0	0	0
3.1.Derivative financial instruments held for hedging		0	0	0	0	0	0
3.1.1.Fair value hedges				0			0
3.1.2.Cash flow hedges				0			0
3.1.3.Hedges for investments made in foreign countries				0			0
3.2.Trading transactions		0	0	0	0	0	0
3.2.1.Forward foreign currency buy/sell transactions		0	0	0	0	0	0
3.2.1.1.Forward foreign currency transactions-buy				0			0
3.2.1.2.Forward foreign currency transactions-sell				0			0
3.2.2.Swap transactions related to foreign currency and interest rates		0	0	0	0	0	0
3.2.2.1.Foreign currency swap-buy				0			0
3.2.2.2.Foreign currency swap-sell				0			0
3.2.2.3.Interest rate swaps-buy				0			0
3.2.2.4.Interest rate swaps-sell				0			0
3.2.3.Foreign currency, interest rate and security options		0	0	0	0	0	0
3.2.3.1.Foreign currency options-buy				0			0
3.2.3.2.Foreign currency options-sell				0			0
3.2.3.3.Interest rate options-buy				0			0
3.2.3.4.Interest rate options-sell				0			0
3.2.3.5.Securities options-buy				0			0
3.2.3.6.Securities options-sell				0			0
3.2.4.Foreign currency futures		0	0	0	0	0	0
3.2.4.1.Foreign currency futures-buy				0			0
3.2.4.2.Foreign currency futures-sell				0			0
3.2.5.Interest rate futures		0	0	0	0	0	0
3.2.5.1.Interest rate futures-buy				0			0
3.2.5.2.Interest rate futures-sell				0			0
3.2.6.Other				0			0
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.913.707	2.958.838	5.872.545	2.573.807	1.995.577	4.569.384
IV. ITEMS HELD IN CUSTODY		15.713	410	16.123	15.513	345	15.858
4.1.Assets under management				0			0
4.2.Investment securities held in custody		15.713		15.713	15.513		15.513
4.3.Checks received for collection				0			0
4.4.Commercial notes received for collection				0			0
4.5.Other assets received for collection				0			0
4.6.Assets received for public offering				0			0
4.7.Other items under custody			410	410		345	345
4.8.Custodians				0			0
V. PLEDGED ITEMS		2.897.994	2.958.428	5.856.422	2.558.294	1.995.232	4.553.526
5.1.Marketable securities				0			0
5.2.Guarantee notes		319.077	426.319	745.396	249.566	279.675	529.241
5.3.Commodity				0			0
5.4.Warranty				0			0
5.5.Immovables		2.074.592	2.210.509	4.285.101	1.915.467	1.505.870	3.421.337
5.6.Other pledged items		57.781	79.567	137.348	52.207	60.479	112.686
5.7.Pledged items-depository		446.544	242.033	688.577	341.054	149.208	490.262
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES				0			0
TOTAL CALCUTATION OUT OF BALANCE		2.964.201	3.179.781	6.143.982	2.573.958	2.013.810	4.587.768

Non-Consolidated Income Statement

Appendix: 1-C

Thousand New Turkish Lira			
INCOME AND EXPENSE ITEMS	Disc.	Current Period (01.01.2008-31.12.2008)	Prior Period (01.01.2007-31.12.2007)
I. INTEREST INCOME	(1)	106.678	100.811
1.1.Interest on loans		53.612	34.932
1.2.Interest received from reserve deposits			
1.3.Interest received from banks		7.306	7.619
1.4.Interest received from money market transactions		24.202	41.316
1.5.Interest received from marketable securities portfolio		21.550	16.894
1.5.1.Financial assets held for trading		18.607	16.827
1.5.2.Financial assets where value change is reflected to income statement			
1.5.3.Financial assets available for sale			
1.5.4.Investments held to maturity		2.943	67
1.6.Finance lease income			
1.7.Other interest income		8	50
II. INTEREST EXPENSES	(2)	24.643	17.494
2.1.Interest on deposits			
2.2.Interest on funds borrowed		16.335	11.116
2.3.Interest on money market transactions			
2.4.Interest on securities issued			
2.5.Other interest expenses		8.308	6.378
III. NET INTEREST INCOME/EXPENSES (I - II)		82.035	83.317
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		11.009	7.724
4.1.Fees and commissions received		11.578	8.490
4.1.1.Non-cash loans		14	27
4.1.2.Other		11.564	8.463
4.2.Fees and commissions paid		569	766
4.2.1.Non-cash loans			
4.2.2.Other		569	766
V. DIVIDEND INCOME	(3)	311	223
VI. TRADING PROFIT/LOSS (Net)	(4)	8.854	-2.079
6.1.Profit/loss on trading account securities		1.027	1.559
6.2.Foreign exchange profit/loss		7.827	-3.638
VII. OTHER OPERATING INCOME	(5)	22.432	25.381
VIII. TOTAL OPERATING INCOME/EXPENSES (III+IV+V+VI+VII)		124.641	114.566
IX. PROVISION FOR LOAN OR OTHER RECEIVABLES LOSSES (-)	(6)	29.137	12.143
X. OTHER OPERATING EXPENSES (-)	(7)	49.631	48.159
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		45.873	54.264
XII. SURPLUS WRITTEN AS GAIN AFTER MERGER			
XIII. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES			
XIV. NET MONETARY POSITION GAIN/LOSS			
XV. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	45.873	54.264
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	-9.194	-11.176
16.1.Current tax provision		-9.676	-10.599
16.2.Deferred tax provision		482	-577
XVII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(10)	36.679	43.088
XVIII. INCOME FROM TERMINATED OPERATIONS		0	0
18.1.Property and equipment income held for sale			
18.2. Sale profits from associates, subsidiaries and joint ventures (business partners)			
18.3.Other income from terminated operations			
XIX.EXPENSES FROM TERMINATED OPERATIONS (-)		0	0
19.1.Property and equipment expense held for sale			
19.2. Sale losses from associates, subsidiaries and joint ventures (business partners)			
19.3.Other expenses from terminated operations			
XX. PROFIT/LOSS BEFORE TAXES FROM TERMINATED OPERATIONS (XVIII-XIX)	(8)	0	0
XXI. PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)	(9)	0	0
21.1.Current tax provision			
21.2.Deferred tax provision			
XXII. NET PROFIT/LOSS FROM TERMINATED OPERATIONS (XX±XXI)	(10)	0	0
XXIII. NET PROFIT/LOSSES (XVII+XXII)	(11)	36.679	43.088
Earnings/Losses per share*		0,00229	0,00269

*Calculated according to a 1 YTL nominal valued share.

Non-Consolidated Income Statement Accounts Booked in Shareholders` Equity

Appendix: 1-Ç

Thousand New Turkish Lira		
INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS` EQUITY	Current Period (01.01.2008-31.12.2008)	Prior Period (01.01.2007-31.12.2007)
I. FINANCIAL ASSETS AVAILABLE FOR SALE ADDED TO MARKETABLE SECURITIES VALUATION CHANGES ACCOUNT	-1.012	1.023
II. REVALUATION CHANGES OF PROPERTY AND EQUIPMENT		
III. REVALUATION CHANGES OF INTANGIBLE ASSETS		
IV. EXCHANGE RATE DIFFERENCES FOR FOREIGN CURRENCY OPERATIONS		
V. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (Active part of fair value changes)		
VI. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES FOR INVESTMENTS MADE IN FOREIGN COUNTRIES (Active part of fair value changes)		
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENTS		
VIII. OTHER INCOME/EXPENSE ACCOUNTS BOOKED IN SHAREHOLDERS` EQUITY IN ACCORDANCE WITH TMS		
IX. DEFERRED TAX OF VALUATION CHANGES	202	-204
X. NET INCOME/EXPENSE ACCOUNTS DIRECTLY BOOKED UNDER SHAREHOLDERS` EQUITY (I+II+...+IX)	-810	819
XI. CURRENT PROFIT/LOSSES	36.679	43.088
11.1.Net changes in fair value at securities (Transferred to profit/loss)	21.550	16.827
11.2.Part of derivative financial assets held for cash flow hedges, reclassified and shown in income statement		
11.3.Part of hedges for investments made in foreign countries, reclassified and shown in income statement		
11.4.Other	15.129	26.261
XII. TOTAL PROFIT/LOSSES BOOKED IN CURRENT PERIOD (X±XI)	35.869	43.907

Thousand New Turkish Lira

Non-Consolidated Statement of Changes in Equity

Appendix: 1-D

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-in capital	Adjustment to paid-in capital	Share premium	Share certificate cancellation profits	YLegal reserves	Status reserves
PRIOR PERIOD (31.12.2007)						
I. Balance at the beginning of the period	160.000		1.491			1.326
II. Adjustment in accordance with TMS 8	0	0	0	0		0
2.1.Effect of adjustment						
2.2.Effect of changes in accounting policies						
III. New balance (I+II)	160.000	0	1.491	0		1.326
Changes within the period						
IV. Increase or decrease generated by merger						
V. Valuation changes of marketable securities						
VI. Hedging Funds (Active part)	0	0	0	0		0
6.1.Cash flow hedges						
6.2.Hedges for investments made in foreign countries						
VII. Revaluation changes of property and equipment						
VIII. Revaluation changes of intangible assets						
IX. Free shares from investment and associates, subsidiaries and joint ventures (business partners)						
X. Foreign exchange differences						
XI. Changes after disposal of securities						
XII. Changes after reclassification of securities						
XIII. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity						
XIV. Increase in capital	0	0	0	0		0
14.1. Cash						
14.2. From internal resources						
XV. Issuance of share certificates at end of period						
XVI. Share cancellation profits						
XVII. Adjustment to paid-in capital						
XVIII. Other						
XIX. Net profit or losses						
XX. Profit distribution	0	0	0	0		20.695
20.1. Dividends distributed						
20.2. Transfers to legal reserves					20.695	
20.3. Other						
Balances (III+IV+V +...+XVIII+XIX+XX)	160.000	0	1.491	0		22.021
CURRENT PERIOD (31.12.2008)						
I. Balances at end of prior period	160.000		1.491			22.021
Changes within the period						
II. Increase or decrease generated by merger						
III. Valuation changes of marketable securities						
IV. Hedging Funds	0	0	0	0		0
4.1.Cash flow hedge						
4.2.Hedges for investments made in foreign countries						
V. Revaluation changes of property and equipment						
VI. Revaluation changes of intangible assets						
VII. Free shares from investment and associates, subsidiaries and joint ventures (business partners)						
VIII. Foreign exchange differences						
IX. Changes after disposal of securities						
X. Changes after reclassification of securities						
XI. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity						
XII. Increase in capital	0	0	0	0		0
12.1. Cash						
12.2. From internal resources						
XIII. Issuance of share certificates at end of period						
XIV. Share cancellation profits						
XV. Adjustment to paid-in capital						
XVI. Other						
XVII. Net profit or losses						
XVIII. Profit distribution	0	0	0	0		2.338
18.1.Dividends distributed						
18.2.Transfers to legal reserves					2.338	
18.3.Other						
Closing balances (I+II+III+...+XVI+XVII+XVIII)	160.000	0	1.491	0		24.359

Extraordinary reserves	Other reserves	Current period net income/(loss)	Prior period net income/(loss)	Valuation changes of marketable securities	Revaluation changes in property and equip.and intangible assets	Free shares from shareholders	Hedging funds	Valuation change in property and equip.held for sale purposes/terminated operat	Total SE without minority share	Minority interest	Total
0	16.340	206.074	148.243	0	4.058	0		1	0	0	537.533
0	0	0	0	0	0	0		0	0	0	0
0	16.340	206.074	148.243	0	4.058	0		1	0	0	537.533
											0
0	0	0	0	0	819	0		0	0	0	819
0	0	0	0	0	0	0		0	0	0	0
											0
								467			467
											0
											0
											0
											0
0	0	0	0	0	0	0		0	0	0	0
0	0	0	0	0	0	0		0	0	0	0
											0
											0
											0
0	3.737	0	43.088	0	0	0		0	0	0	43.088
			-148.243								-123.811
			-123.811								-123.811
	3.737		-24.432								0
0	20.077	206.074	43.088	0	4.877	0		468	0	0	458.096
	20.077	206.074		43.088	4.877			468			458.096
											0
0	0	0	0	0	-810	0		0	0	0	-810
0	0	0	0	0	0	0		0	0	0	0
											0
											0
											0
											0
0	0	0	0	0	0	0		0	0	0	0
											0
											0
											0
											0
	26										26
0	30.917	0	36.679	0	-43.088	0		0	0	0	36.679
			0		-9.833						-9.833
	30.917				-33.255						0
0	51.020	206.074	36.679	0	4.067	0		468	0	0	484.158

Non-Consolidated Statement of Cash Flow		Appendix: 1-E	
		Thousand New Turkish Lira	
	Disc.	Current Period (31.12.2008)	Prior Period (31.12.2007)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1. Operating profit before changes in operating assets and liabilities(+)		45.887	40.046
1.1.1.Interest received (+)		67.585	94.463
1.1.2.Interest paid (-)		17.007	16.344
1.1.3.Dividend received (+)		311	223
1.1.4.Fees and commissions received (+)		11.578	8.490
1.1.5.Other income (+)		23.459	2.583
1.1.6.Collections from previously written off loans and other receivables (+)		12.482	23.880
1.1.7.Payments to personnel and service suppliers (-)		37.375	36.120
1.1.8.Taxes paid (-)		8.666	27.447
1.1.9.Other (+/-)	(1)	-6.480	-9.682
1.2. Changes in operating assets and liabilities		-24.763	-29.293
1.2.1.Net increase (decrease) in financial assets held for trading (+/-)		11.768	-5.725
1.2.2.Net increase (decrease) in financial assets where fair value change is reflected to I/S			
1.2.3.Net increase (decrease) in due from banks and other financial institutions (+/-)		0	
1.2.4.Net increase (decrease) decrease in loans		-206.815	-65.409
1.2.5.Net increase (decrease) in other assets (+/-)		9.267	1.403
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 (+/-)		164.731	42.307
1.2.9.Net increase (decrease) in matured payables (+/-)			
1.2.10.Net increase (decrease) in other liabilities (+/-)	(1)	-3.714	-1.869
I. Net cash provided from banking operations (+/-)		21.124	10.753
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities (+/-)		-25.501	-5.530
2.1.Cash paid for purchase of investments, associates and joint ventures (business partners)		2.450	
2.2.Cash obtained from sale of subsidiaries, invest and associates and joint ventures (business partners)			
2.3.Fixed assets purchases (-)		5.640	3.121
2.4.Fixed assets sales (+)		1.650	519
2.5.Cash paid for purchase of financial assets available for sale (-)			
2.6.Cash obtained from sale of financial assets available for sale (+)		0	267
2.7.Cash paid for purchase of investment securities (-)		19.061	3.195
2.8.Cash obtained from sale of investment securities (+)		0	
2.9.Other (+/-)	(1)		
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)		-9.833	-104.502
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 (-)		9.833	104.502
3.5.Payments for finance leases (-)			
3.6.Other (+/-)	(1)	0	
IV.Effect of change in foreign exchange rate on cash and cash equivalents	(1)	7.827	-3.638
V. Net increase in cash and cash equivalents (I+II+III+IV)		-6.383	-102.917
VI. Cash and cash equivalents at beginning of the year (+)		224.269	327.186
VII. Cash and cash equivalents at end of the year (V+VI)		217.886	224.269

Non-Consolidated Profit Distribution Table		Appendix: 1-F	
	Thousand New Turkish Lira		
I.DISTRIBUTION OF CURRENT YEAR INCOME	Current Period (31.12.2008)	Prior Period (31.12.2007)	
1.1.CURRENT YEAR INCOME	46.355	53.687	
1.2.TAXES AND DUTIES PAYABLE	9.676	10.599	
1.2.1.Corporate Tax (Income tax)	9.676	10.599	
1.2.2.Income withholding tax			
1.2.3.Other taxes and duties			
A. NET INCOME FOR THE YEAR (1.1-1.2)	36.679	43.088	
1.3.PRIOR YEARS LOSSES (-)			
1.4.FIRST LEGAL RESERVES (-)	1.834	2.154	
1.5.OTHER STATUTORY RESERVES (-)			
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	34.845	40.934	
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	0	8.000	
1.6.1.To owners of ordinary shares		8.000	
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 (-)		1.647	
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)			
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	0	187	
1.9.1.To owners of ordinary shares		187	
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 (-)		183	
1.11.STATUTORY RESERVES (-)			
1.12.GENERAL RESERVES		30.917	
1.13.OTHER RESERVES			
1.14.SPECIAL FUNDS			
II. DISTRIBUTION OF RESERVES			
2.1.APPROPRIATED RESERVES			
2.2.SECOND LEGAL RESERVES (-)			
2.3.DIVIDENDS TO SHAREHOLDERS (-)	0	0	
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.DIVIDENDS TO PERSONNEL (-)			
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)			
III. EARNINGS PER SHARE			
3.1.TO OWNERS OF ORDINARY SHARES*		2.693	
3.2.TO OWNERS OF ORDINARY SHARES (%)		0.269	
3.3.TO OWNERS OF PRIVILAGED SHARES			
3.4.TO OWNERS OF PRIVILAGED SHARES (%)			
IV. DIVIDEND PER SHARE			
4.1.TO OWNERS OF ORDINARY SHARES		0.051	
4.2.TO OWNERS OF ORDINARY SHARES (%)		0.051	
4.3.TO OWNERS OF PRIVILAGED SHARES			
4.4.TO OWNERS OF PRIVILAGED SHARES (%)			

Section Three Accounting Policies

I- Explanations on basis of presentation:

a. The preparation of financial statements and notes to the financial statements according to Turkish Accounting Standards and Legislation on the Accounting Applications of Banks and Procedures and Basis of Preservation of Documents:

Financial statements are prepared in accordance with the Turkish Accounting Standards (TMS) and Turkish Financial Reporting Standards (TFRS) and appendixes and interpretations concerning those standards (all together called as "Turkish Accounting Standards" or TMS) in the context of Legislation on the Accounting Applications of Banks and Procedures and Basis of Preservation of Documents from the Legislations published on the Legal Gazette dated 1 November 2006 numbered 26333 based on the Banking Law numbered 5411. The Bank keeps its records in Turkish Liras in accordance with the Banking Law, Turkish Trade Law and Turkish tax legislations.

b. Basis of valuation used in the preparation of financial statements:

Accounting policies and valuation basis used in the financial statements of the Bank are applied according to Turkish Accounting Standards and the related legislations, bulletin and decree published by the Banking Regulation and Supervision Agency.

c. Explanations on the accounting policies used for the correct interpretation of financial statements:

Financial statements of the Bank are based on historical cost principle and legal records except financial assets where fair value change is reflected to income statement, financial assets available for sale, subsidiaries quoted in a stock exchange and property held for sale.

The previous periods included in the balance sheet and off-balance sheet accounts statement, income statement, statement of changes in equity, cash flow statement and notes represent 31.12.2007.

Figures stated in the attached financial statements, notes and explanations on these statements are Thousand YTL's unless otherwise stated.

Valuation basis used in the financial statements are explained in section three.

II- Explanations on the Utilization Strategy of Financial Instruments and Explanation on Foreign Currency Transactions:

The majority of the liabilities included in the balance sheet of the Bank consists of the sources obtained from domestic and international markets. The majority of the sources obtained domestically consist of budget based funds and the Bank acts as an intermediary for those funds provided by the Treasury to be placed in various sectors. The sources obtained internationally consist of medium and long term loans gathered from World Bank, and other European Banks and Islamic Development Bank.

During the utilization of the gathered resources a care is being given to the appropriate borrowing conditions while taking the asset-liability balance into account, maturity, exchange rate and liquidity risks are trying to be avoided.

A non-speculative exchange rate position risk management is applied to limit the Bank's exchange rate risk. For that reason, during the determination of the allocation of balance sheet and non-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Trade placements are managed by high-profit low-risk assets by taking original and domestic economic expectations, market conditions, expectations and inclinations of loan customers, interest-liquidity, exchange rate etc. risks into account. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from Bank's previous experiences are based on when taking positions as well as legal limits. This way, limits are not crossed.

During foreign currency transactions, actions detailed below are taken.

a. Foreign currency monetary assets and liabilities are translated to New Turkish Lira (YTL) with the exchange rates announced by our Bank at the end of period.

b. Total amount of capitalized exchange rate differences as of balance sheet date; None.

c. Basic principles of exchange rate risk management policy: Decisions are made by the Assets Liabilities Management Committee that meets regularly to avoid exchange rate and parity risks in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position / Shareholders' Equity Ratio that is included in legal liabilities, and those decisions are carried out carefully. To avoid parity risk foreign exchange position is managed by taking singular and general positions.

d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit / losses are included in the related income statements.

III- Explanations on derivative instruments:

The Bank has no forward or swap operations as of the balance sheet date.

IV- Explanations on interest income and expenses:

Interest is accounted according to effective interest method of "Financial instruments: Turkish Accounting Standard.(TMS 39)"(the ratio which equalizes the following cash flows of financial liabilities or assets to today's values.

Interest which is collected afterwards, in a situation of before the accrual of unpaid interest of a security containing interest, is separated into periods such as acquired and unacquired and only the part of unobtained will be written as interest income on the financial statements.

Interest accruals and rediscounts of loans and other receivables that are follow-up accounts according to related legislations are cancelled and those amounts are not included in the income statement unless collected.

V - Explanations on salary and commission income and expenses:

Salary and commission income and expenses and loan amounts and commission expenses paid to other creditors, income from agreements or income due to asset purchases on behalf of third persons or legal entities are included in the income statements in the periods they occur.

VI- Explanations and notes on financial assets:

Financial assets:

Financial assets essentially make up Bank's trade activities and operations. These instruments have the ability to bring out affect or reduce liquidity, credit and interest risks in financial statement.

Financial assets where fair value difference is reflected to the income statement: They are grouped under two main categories. Held for trading financial assets, assets which are in principal purchased to be sold or repurchased in a short amount of time to gain profits in short term. They are marketable securities that are

classified as financial assets where fair value difference is reflected to the income statement. Financial instruments consist of financial assets and financial liabilities. Financial instruments affect the liquidity, credit and market risks in the balance sheet of the Bank in every aspect. The Bank commits the purchases and sales of these instruments for its customers as well as its own accounts.

Regular purchases and sales of financial instruments are their purchases and sales in the context of an agreement that requires the delivery in the time period that is determined usually by legal legislations or related market practices. The changes in fair values are not accounted for financial assets that are carried with their amortized costs; the change in fair value is accounted for in the income statement for assets where the difference in fair value is reflected to the income statement and in the 'Financial Assets Revaluation Fund" account in shareholders' equity for available for sale assets. Accumulated fair value differences that mention marketable securities, reflecting to shareholders' equity when collected or sold out are reflected to income statement.

Below, the methods and assumptions that are used to determine the estimated fair value of each financial instruments have been pointed out.

Explanation on Cashes, Banks and Other Financial Enterprises

Parent company bank cash and cash substitutes: Cash money, demand deposits and having three or less than three months of maturities from the beginning of the date of trade, can be easiliy exchanged with money and having low risk of value change, are acquired to high liquidity, short maturity investments. These instruments book value is fair values

Explanations on the Financial Assets Where Fair Value Changes is Reflected to Income Statement and Financial Assets Available for Sale

Parent company Bank's securities accounted in this group are shown in financial statements by their costs and their fair values. Securities' fair values which are being used in the stock market are calculated by stock market prices.

Financial assets where fair value changes is refleted to income statement, the difference between cost of securities including the profits and loss and the values considering market value must be considered into interest incomes and rediscounts or financial assets revolution fund. During the retention of the financial assets where fair value changes is refleted to income statement, earned interest rate devolved to interest income and the earned dividend devolved to dividend income.

Financial assets avaiable for sale are accounted a cost containing their transaction costs at the first recordings. Interest income of financial assets avaiable for sale with constant and changable interests which are including to financial assets avaiable for sale are accounted according to interest incomes bought from securities. The following evaluation of financial assets avaiable for sale after the first record are done according to their fail values and paper profit and loss caused by differences in the fair values, implies the differences between the values of not discounted securities and the fair values of not discounted securities are presented by equity items as "Financial Assets Revolution Fund". When financial assets avaiable for sale are disposed off, the increase- decrease table of financial assets revolution fund of equity, will be transferred to income table.

Explanations on Loans

Loans are financial assets that have fixed or estimated payments and are not processing in the active market.

Loans are accounted for with their acquisition costs and evaluated according to redempted cost by using the effective interest method. Fees, transaction costs and other releated expenses paid for purchasing assets as guarantee are considered as a part of transaction costs and will be reflected to the customer.

Granted loans by the Bank consists of foreign currency based loans, corporate loans, fund based loans in Turkish Currency and loans used for financing of export and investment loans for Foreign Currency.

Loans indexed to foreign currency are viewed as Turkish money (TP) by changing to turkish money from the opening rate. Paybacks are accounted as the date of paying and the differences of rates are indicated in the income expense accounts.

Expalanations on Investments Held to Maturity

Consist of financial assets: which are purchased in order to be held until maturity, where the conditions to hold those assets until maturity are present including funding capabilities, which have fixed or predictable payments and maturity dates and financial assets other than loans and receivables.

There are no financial assets which were previously classified as held until maturity but cannot be classified as held until maturity due to violation of classification principles.

After initial recognition, investment held to maturity are accounted with discounted value, calculated using the effective interest method, by deducting impairment from the provision if availables.

Explanation on the special provisions and loans/receivables:

a-Loan portfolio is continuously monitored by the Bank management and in the case of a possibility of doubt in their collection, they are classified according to the "Legislation on Determination of Qualities of Loans and Other Receivables by Banks and Procedures and Basis for Reservation of Provisions for Those Loans" dated 1 November 2006 numbered 26333 and other legislations, necessary provisions are reserved and those provisions are reflected to the income statement.

The collected amounts are shown under "Interest Received From Uncollectable Loans and Receivables" (including receivables from doubtful receivables) accounts.

The reversed provision is accounted for by canceling the provision amount set in the current year and recording the remaining amount as income in the collection accounts from previous year expenses.

b. In addition to the special provisions, the Bank reserves general credit provision for loans and other receivables in the context of the legislation decrees stated above. The general credit payment consists of 1% of sum of the standard monetary credit, two out of one thousand of the sum of tender guarantee, bill guarantee and atonements and noncash credits, 2% of sum of the being watched cash credits and four out of one thousand of the sum of tender guarantee, bill guarantee and atonements and noncash credits.

Investments in affiliates and subsidiaries:

Participation and partnership of nonconsolidated financial tables are accounted as "Financial instruments: Turkish Accounting Standard. (TMS 39) "The partnerships which are trading on the stock exchange, if the fair value of them are trustable, will be reflected on the financial statements by their fair cost values. However, the direct contrary they will be reflected on the financial statements after cutting down the provision of impairment.

VII- Explanations on impairment of financial assets:

The bank sees if there is any index about the impairment of financial asset or assets. If there is any index, bank will indicate there is impairment.

In the case that the discounted values of future cash flows using the effective interest method of the assets or the fair value of the assets that are valued with their fair values are lower than their book values, they are considered to be impaired. A provision is reserved against the impairment and the provision is related to the income statement accounts.

The valuation differences of held for trading assets are included in the income statement in the related periods.

VIII- Explanations on netting of financial assets:

Financial assets and liabilities are shown with their net values on the balance sheet if the Bank has a legal right or power for netting and has the intention to collect/pay the related financial asset or liability over their net values or has the right to finalize the related receivables and payables at the same time.

IX- Explanations on sale and repurchase agreements and lending of marketable securities:

Securities sold in repurchasing commitments (repo) are accounted in the Uniform Chart of Account's balance sheet accounts. Accordingly, the government bonds and treasury bills sold to the clients in context of the repurchase agreements are classified as Subject to Repurchasing" and are valued by their market prices in accordance with their holding purposes in the Bank portfolio or their discounted values in accordane with their internal rate of returns. Funds gained by repurchasing transactions are shown as a separate entry in the liability accounts and are accounted as rediscount for interest costs.

Securities that were purchased in back selling commitment (reverse repurchase) are shown as a item in the "Money Market" entry. Income rediscounts are calculated for the differences between the purchasing and sales prices of the portion of the securities purchased by reverse repurchases that is accrued for the period.

There are no marketable securities that are subjected to lending.

X- Explanations on assets held for sale and fixed assets from discontinued operations:

None.

XI- Explanations on goodwill and other intangible assets:

As of the balance sheet goodwill is not present on the attached financial statements.

Intangible fixed assets are amortized using the straight-line method with depreciation rates determined as 50%-33.33% in accordance with their assumed useful lives. The determination of the useful lives of the assets is made through the assessment of the expected usage period of the asset, technical, technological or other kind of depreciation and maintenance expenses needed to gain expected economic benefit from the asset.

Expenses concerning present computer software and improvement expenses are capitalized by being added to the cost of the software if they are designed to improve the original content and useful live of the software. Those capitalized expenses are amortized over the useful life of the related assets using the "Straight line method".

XII- Explanations on tangible fixed assets:

Tangible fixed assets purchased before January 1st, 2005 are presented in the financial statement with their inflation adjusted costs as of December 31st, 2004 and items purchased after this period are shown after the accumulated depreciation and other permanent value losses are netted-off from their purchase values.

Profit and losses from the disposal of tangible fixed assets are calculated as the difference between the disposal income and net book value of the related tangible asset and included in the income statement as profit or loss.

Regular maintenance and repair expenses of tangible fixed assets are expensed in the income statement.

There are no pledges, liens or other similar encumbrances over tangible fixed assets.

Tangible fixed assets are depreciated using the normal depreciation method, and their useful lives determined in accordance with the Turkish Tax Procedure Law are considered to be acceptable, for the Bank's fixed assets and these useful lives were taken into consideration.

The depreciation rates of tangible fixed assets are shown below.

Depreciation Rate (%)	
Buildings	% 2
Other Tangible Assets	% 2 - % 33.33

There are no changes in accounting estimates that have a significant effect in the current or future periods.

XIII- Explanations on lease agreements:

Lease receivables other than financial lease receivables and from the rental of assets that are no used in banking operations but collected as of the balance sheet are included in the income statement and the uncollected amounts are under lease receivables account.

The Bank has no financial lease agreements as "renter".

XIV- Explanations on provisions and conditional liabilities:

Provisions other than the general and special provisions reserved for loans and other receivables in the Bank are accounted according to "Turkish Accounting Standard For Provisions, Conditional Assets and Liabilities" (TMS 37). Provisions are reserved for liabilities caused by past events in the periods that events occurred according to the "Matching Principle".

XV- Explanations on employee benefits:

According to present laws, termination indemnities are to be paid in the event of retirement or discharge. The Bank calculates the provision by determining the present value of the future liability due to retirement or discharge. Liabilities related to employee benefits are accounted for according to the legislations of the Turkish Accounting Standard For Employee Benefits (TMS 19).

Since the Bank has no obligations due to any charities, funds or similar institutions where the workers are members, the Bank has not reserved any provision in this regards in the attached financial statements.

XVI- Explanations on tax applications:

a. Accounting principles of corporate tax:

Corporate Tax Law number 5520 has become effective after being published in the Official Gazette number 26205 dated 21 June 2006. Most of the decrees of this law are applicable from 1 January 2006. Accordingly, in Turkey as of 1 January 2006 the Corporate Tax rate is 20% (2005: %30). This tax rate is applied to the taxable income calculated by adding non-deductible expenses that are not accepted by tax laws, and deducting income exempt from taxation and allowances from the net profit. Unless there is profit distribution, no other taxes are paid.

15% withholding tax is applied on profits distributed by Turkish corporate taxpayers to foreign shareholders (except to companies with a permanent office in Turkey) or to those companies that are exempted from Turkish Corporate Tax. All other dividend payments made to persons or companies are subject to 15% withholding tax. Distribution of bonus shares by capitalization of profits is not subject to withholding tax.

Companies are required to file temporary tax returns based on their quarterly results. The temporary tax rate is 20%. Temporary tax returns are filed by the 14th of the second month following each calendar quarter and the temporary tax is paid by 17th. Temporary tax paid during the year is deducted from tax to be calculated over the corporate tax statement of the same year to be declared in the following year. In case of excess temporary tax payments, the exceeding amount can be collected in cash or can be offset from other financial liabilities to the government.

75% of the income arising on disposal of real estates, shares, founder shares, bonus certificates and pre-emptive rights which are held in the assets of Turkish companies for at least two full years are exempt from Corporate Tax in the condition that they're kept in a special fund account.

All income from the transfer of fixed assets, participation stocks, founder shares and pre-emptive rights to banks or Savings Deposit Insurance Fund that correspond to the amount used in the liquidation of those assets that belong to firms, their guarantors and mortgage givers which are subject to legitimate proceedings due to their debts to banks or Savings Deposit Insurance Fund, and 75% income from the sale of those mentioned assets are exempt from corporate tax.

According to Turkish Corporation Tax Law, the losses in any period are available for deduction from future taxable profits for a maximum period of 5 years. Losses cannot be carried back for offsetting against profits from previous periods.

There is no cross check application between the companies and tax authorities in terms of taxes payable. Corporate tax returns are filed until the 25th day of the fourth month following the end of accounting period and taxes are paid until end of the fourth month. Authorities entitled to perform tax inspection may examine the returns and the accounting records for a period of five years and if an assessment is made, the computed tax amounts may change.

Necessary provisions are reserved for the liabilities that are calculated over the Bank's trade balance profit.

As a result of the Bank's operations, calculated temporary tax for the period of 01.01-2008 01.12.2008, is declared in the context of temporary tax returns on February 16th, 2009 and was paid to the Tax Department on February 17th, 2009.

b. Explanations on deferred taxes:

The Bank calculates deferred tax for taxable temporary differences arise from the book value and taxable value of an asset or liability according to the "Turkish Accounting Standard for Income Taxes" (TMS 12) and reflects to its records. During the calculation of deferred tax, the legal tax rates in effect at the date of financial statements according to present tax laws are used.

While the deferred tax liability is calculated for all taxable temporary differences, deferred tax assets are only calculated if there is a high possibility to use those differences in case of future profits.

Calculated deferred tax assets and deferred tax liabilities are netted in financial statements.

Calculated deferred tax assets and deferred tax liabilities are netted and reflected to income table according to "Turkish Accounting Standard. (TMS 12)"

XVII- Additional explanations on borrowings:

The Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. With this goal, the Bank acts as an intermediary funds provided by the Treasury to utilize various Budget based funds domestically. Completed transfers are recorded to the resource accounts of the Bank. The maturity dates and interest rates of those funds are determined by the public authority by Investment Incentive legislations.

The present foreign resources that the Bank acquired are medium and long term type of loans from World Bank, various European Banks and Islamic Development Bank and they are recorded to the Banks accounts at the date of acquisition and acquisition value.

The Bank generally prefers providing loans in parallel in terms of maturity date, interest rate, interest type and currency type with the loans acquired to avoid exchange rate and liquidity risks.

The Bank does not possess any issued notes or liability instruments which are convertible to share certificates.

XVIII- Explanations on share certificates and their issuance:

Expenses related to the issuance of share certificates are not deducted from the emission premium account under' equity.

XIX- Explanations on bill guarantees and acceptances:

Bill guarantees and acceptances are shown in "Off-balance Liabilities" as Bank's possible liability commitments.

XX- Explanations on government incentives:

The Bank has not received any government incentives in the current or previous periods.

XXI- Explanations on reporting by segments:

Besides investment banking the sale and purchase of investment funds of the Bank, sale and purchase of government bonds and treasury bills and repurchasing transactions are conducted by the Treasury Directorate, stock sale and purchases are made as an agency of Kalkınma Yatırım Menkul Değerler A.Ş., which is a subsidiary of the bank.

	Investment Banking	Treasury Operations	Total
Net Interest Income	60.485	21.550	82.035
Capital Market Operations	-	1.027	1.027
Other Income	45.282	-	45.282
Other Expenses	(82.471)	-	(82.471)
Profit Before Taxes			45.873
Tax Provision			(9.194)
Net Profit	36.679		36.679

XXII- Explanations on other issues:

None

Section Four
Information on Financial Structure

I - Explanations on Standard Capital Adequacy Ratio:

The standard capital adequacy ratio of the Bank (including market risk) is 79,19%. This ratio is well over the minimum ratio of 8% stated in the related legislations.

Standard Capital Adequacy Ratio is calculated by subjecting the risk weighted assets and non-cash loans to the risk ratios stated in the related legislations and adding the risk exposed value determined using the standard method to the risk weighted assets.

Information Related to Capital Adequacy Ratio

Thousand TRY (%)

	0%	10%	20%	50%	100%	150%	200%
Surplus credit risk weighted							
Balance sheet items (Net)	326.666	0	155.767	314.717	105.131	0	0
Cash	60						
Matured marketable securities							
Balances with the Central Bank of Turkey	7						
Domestic banks, foreign banks, branches and offices abroad			47.819				
Money market placements	170.000						
Receivables from reverse repo transactions							
Reserve deposits							
Loans	111.538		101.374	307.544	55.634		
Loans under follow-up (Net)							
Financial lease receivables					3		
Financial assets available for sale			5.727		969		
Investments held to maturity	22.322						
Receivables from sale of matured assets							
Miscellaneous receivables					609		
Interest , incomes accrual,discounts	6.468		847	7.173	1.583		
Investment and associates, subsidiaries, and joint ventures (business partners) (Net)					7.379		
Property and equipment					38.764		
Other assets	16.271				190		
Off balance sheet items	0	0	1	4.228	20.499	0	0
Non-cash loans and commitments			1	4.228	20.499		
Derivative financial instruments							
Not risk weighted accounts							
Total risk weighted assets	326.666	0	155.768	318.945	125.630	0	0

Summary Information About the and Bank Only Capital Adequacy Ratio

Bank Only

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Amount subject to credit risk (I)	316.256	229.118
Amount subject to market risk (II)	25.000	31.188
Amount subject to operational risk (III) (*)	257.937	228.567
Shareholders' equity	474.509	445.736
Shareholders' equity / (I+II+III) * 100	79,19	91,18

(*) The amount for the operational risk came into effect on 01.06.2007 in accordance with the 24th article of the "Regulation concerning the Measurement and Appraisal of Capital Adequacy of Banks" published in the November 1st 2006 dated and 26333 numbered Official Gazzette, and was calculated for the first time as of June 30th, 2007.

Information About the Shareholders Equity Items

	Current Period (31.12.2008)	Prior Period (31.12.2007)
CORE CAPITAL		
Paid-in capital	160.000	160.000
Nominal capital	160.000	160.000
Capital commitments (-)		
Adjustment to paid-in capital	206.074	206.074
Share Premium	1.491	1.491
Share repeal		
Legal reserves	24.359	22.021
First legal reserve (Turkish Commercial Code 466/1)	10.893	8.738
Second legal reserve (Turkish Commercial Code 466/2)	13.466	13.283
Other legal reserve per special legislation		
Statutus reserves		
Extraordinary reserves	51.020	20.077
Reserves allocated by the General Assembly	51.020	20.077
Retained earnings		
Accumulated loss		
Foreign currency share capital exchange difference		
Adjustment to legal, status and extraordinary reserves		
Profit	36.679	43.088
Net Current period profit	36.679	43.088
Prior period profit		
Provisions for possible losses up to 25% of core capital		
Profit on sale of associates, subsidiaries and buildings		
Primary subordinated loans up to 15% of core capital		
Loss that is not covered with reserves (-)	0	0
Net current period loss		
Prior period loss		
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)		
Total Core Capital	479.623	452.751

Table continued on page 100

Information About the Shareholders Equity Items (Continuing)

	Current Period (31.12.2008)	Prior Period (31.12.2007)
SUPPLEMENTARY CAPITAL		
General reserves	4.551	1.800
45% of increase in revaluation fund of movables		
45% of increase in revaluation fund of fixed assets	468	468
Free shares from investment and associates, subsidiaries and joint ventures (business partners)		
Primary subordinated loans which are ignored in the calculation of core capital		
Secondary subordinated loans		
45% of marketable securities and investment securities value increase fund	1.830	2.195
Associates and subsidiaries		117
Financial assets available for sale	1.830	2.078
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal, status and extraordinary reserves)		
Total Supplementary Capital (Including Minority Shares(if exists))	6.849	4.463
TIER III CAPITAL		
CAPITAL	486.472	457.214
DEDUCTIONS FROM THE CAPITAL	11.963	11.478
Leasehold improvements (-)*		
Prepaid expenses (-)*	1.419	1.343
Intangible assets (-)*	857	157
Deferred-assets for tax which exceeds 10% of core capital (-)*		
Partnership share on non- banks and financial institutions	8.987	9.246
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 equity method is applied, however, assets and liabilities are not Loans extended being noncompliant with articles 50 and 51 of the Law		
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	700	732
Other		
Total Shareholders' Equity	474.509	445.736

* Will be shown under the "Deductions from the Capital" part of the table until 1.1.2009.

II- Explanations on credit risk:

The Bank is not subject to the general loan restrictions defined by the 54th article of the Banking Law numbered 5411. However, in the Bank's Loan Regulation, the loan limits are determined mostly in parallel with the limitations set out in the 54th article of the Banking Law.

All the loan placements of the Bank are designed regarding to the report which has been arranged by Intelligence Unit and Loan Assessment Unit, with aporovals of Loan Investment Committee and Board of Directors in accordance with legal legislations. Since the placements of the Bank are in the form of project financing, the amount of loan that can be designated to a firm is basically determined during project assessment stage and the granting of loans are made in a controlled manner and made through the monitoring of expenditures.

The sectoral distribution of the loan customers is monitored and those distributions are taken into account during placement decisions and goals.

All the loans of the Bank are loans against guarantees. In that sense, liens on real estate and tangible assets, business company liens, foreign currency notes and other liquid assets, bank guarantee letters and guarantees from other persons or companies comprise loan guarantees.

a) The share of the total receivable of the Bank from its first 100 biggest cash loan customers in total cash loan receivables is 92,31%.

b) The share of the total receivable of the Bank from its first 100 biggest non-cash loan customers in total non-cash loan receivables is 100%.

c) The share of the total cash and non-cash receivable of the Bank from its first 100 biggest loan customers in total balance sheet and off-balance sheet assets is 51,6%.

d) Provision reserved for the credit risk undertaken is 4.551 Thousand YTL.

The distribution of credit risk according to the borrowers and geographical concentration:

	Loans Granted to Retail Customers and Institutions		Loans Granted to Banks and Other Financial Institutions		Financial Assets*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
According to tFCe of borrowers	569.070	395.373	20.000	0	141.654	121.153	0	0
Private sector	564.301	391.630			6.696	7.266		
Public sector					134.664	113.761		
Banks			20.000					
Retail customers	4.769	3.743			294	126		
Securities representing a share in capital								
According to geographical concentration	569.070	395.373	20.000	0	141.654	121.153	0	0
Domestic	569.070	395.373	20.000		141.654	121.153		
EU countries								
OECD countries ***								
Off-shore banking regions								
USA, Canada								
Other countries								

* Financial assets where fair value change is reflected to income statement + Financial assets available for sale + Financial assets held to maturity.

** Includes loans classified under Uniform Accounting Standarts -loans except in the first 3 colomns- and compliant with Article 48 of the Banking Law.

*** OECD Countries other than EU countries, USA and Canada

Information According to Geographical Concentrations:

	Assets	Liabilities	Non-Cash Loans	Fixed Capital Expenditures	Net profit
Current period					
Domestic	933.916	315.527	4.302		43.774
European Union countries	11.636	182.458			-6.381
OECD countries *	29				
Off-shore banking regions					
USA, Canada	3.043				3
Other countries		21.891			-717
Investment and associates, subsidiaries and joint ventures (business partners)	16.366				
Unallocated assets/liabilities**	58.880	503.994			
Total	1.023.870	1.023.870	4.302	0	36.679
Prior Period					
Domestic	738.441				
European union countries	4.924	253.106	1.332		46.122
OECD countries *	40	82.609			-2.609
Off-shore banking regions		962			-105
USA, Canada	65				
Other countries					5
Investment and associates, subsidiaries and joint ventures (business partners)	14.557	6.650			-325
Unallocated assets/liabilities**	59.779	474.479		0	
Total	817.806	817.806	1.332		43.088

* OECD Countries other than EU countries, USA and Canada

** Unallocated assets / liabilities this could not be distributed according to a consistent principle

Sector Concentrations for Cash Loans:

	Current Period (31.12.2008)				Prior Period (31.12.2007)			
	TL	(%)	YP	(%)	TL	(%)	YP	(%)
Agricultural	5.956	2,36	4.237	1,26	3.745	2,08	0	0,00
Farming and raising livestock	5.800	2,30	4.237	1,26	3.485	1,93		0,00
Forestry	156	0,06		0,00	260	0,14		0,00
Fishing		0,00		0,00		0,00		0,00
Manufacturing	54.138	21,48	175.824	52,17	41.347	22,93	107.317	49,90
Mining		0,00		0,00		0,00		0,00
Production	52.716	20,91	100.109	29,71	40.807	22,63	70.629	32,84
Electric, gas and water	1.422	0,56	75.715	22,47	540	0,30	36.688	17,06
Construction	8.392	3,33	359	0,11	5.735	3,18		0,00
Services	175.552	69,64	155.828	46,24	125.117	69,38	107.731	50,10
Wholesale and retail trade		0,00		0,00		0,00		0,00
Hotel, food and beverage services	112.740	44,73	132.814	39,41	91.322	50,64	99.231	46,14
Transportation and telecommunication		0,00		0,00		0,00		0,00
Financial Institutions	20.000	7,93		0,00		0,00		0,00
Real estate and renting services		0,00		0,00		0,00		0,00
Self-employment services		0,00		0,00		0,00		0,00
Education services	20.069	7,96	4.301	1,28	17.083	9,47		0,00
Health and social services	22.743	9,02	18.713	5,55	16.712	9,27	8.500	3,95
Other	8.030	3,19	754	0,22	4.381	2,43		0,00
Total	252.068	100,00	337.002	100,00	180.325	100,00	215.048	100,00

III - Explanations on market risk:

Standard method which is determined as the legal reporting format is used in the calculation of the market risk by the Bank. The market risk calculations made using the standard method are made monthly and the results are taken into account in the calculation of the Standard Capital Adequacy Ratio.

a) Information on Market Risk:

	Tutar
(I) Capital to be employed for general market risk	658
(II) Capital to be employed for specific risk	
(III) Capital to be employed for currency risk	
(IV) Capital to be employed for stocks	
(V) Capital to be employed for clearing risk	
(VI) Total capital to be employed for market risk because of options	1.342
(VII) Capital to be employed for general market risk	1.342
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI)	2.000
(IX) Amount subject to market risk (12,5 x VIII) ya da (12,5 x VII)	25.000

b) Average market risk calculated as of the end of months in the related period:

	Current Period (31.12.2008)			Prior Period (31.12.2007)		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	622	762	478	677	872	458
Share risk						
Currency risk	1.499	2.277	490	2.156	2.927	1.733
Commodity risk						
Settlement risk						
Options risk						
Amount subject to total risk	2.121	3.039	968	2.834	3.799	2.191

IV- Explanations on operation risk:

The "Basic Indicator Method" has been used for the calculation on the operation risk of the Bank. The amount Subject to Operational Risk is calculated for the year of 2008 as 257.937 thousand YTL by using the year end gross revenue of 2007. 2006 and 2005 of the Bank in accordance with the fourth chapter of the article "Amount Subject to Operational Risk" that came into force as of June 1st, 2007, from the Legislation on Measurement and Assessment of Capital Adequacy of Banks published in the Legal Gazette dated November 1st, 2006 and numbered 26333.

Basic Indicator Method

	31.12.2007	31.12.2006	31.12.2005
1 Net Interest Income	83.317	62.810	37.085
2 Net Fees And Commissions Income	7.725	5.996	5.070
3 Dividend Income	223	3.006	12.280
4 Trading Profit/Loss (Net)	0	13.266	-
5 Other Operating Income	25.381	209.954	30.896
6 Disposal profit-loss of financial assets available for sale and property and equipment held for sale purpose	93	176	1.527
7 Extraordinary income (Including subs. and affi. shares and real estate disposal)	24.315	30.895	27.305
8 Revenue indemnified from insurance	-	-	-
9 Gross Income (1+2+3+4+5-6-7-8)	92.238	263.961	56.500
10 Capital (9 x %15)	13.836	39594	8.475
11 Average Operational risk		20.635	
12 Amount Subject to Operational Risk (11x12,5)		257.937	

V- Explanations on exchange rate risk:

Standard method determined for legal reporting is used in the calculation of the exchange rate risk faced by the Bank.

In addition, the daily exchange rate risk faced by the Bank can be determined by the foreign currency balance sheets that are prepared to include singular positions. Proforma foreign currency balance sheets are used in the calculation of the future possible exchange rate risk (including foreign currency based assets and liabilities).

To limit the amount of exchange risk exposed, a non-speculative foreign currency position risk management is adopted and used in the distribution of balance sheet and off-balance sheet assets according to their currencies.

Foreign Currency Buying Exchange Rates Announced by the Bank on the Balance Sheet Date and Previous 5 Working Days:

Date	USD	EURO	100 JPY
31/12/2008	1,49910 YTL	2,10580 YTL	1,65800 YTL
30/12/2008	1,49830 YTL	2,08830 YTL	1,64700 YTL
29/12/2008	1,48870 YTL	2,09430 YTL	1,64000 YTL
26/12/2008	1,49300 YTL	2,08450 YTL	1,64400 YTL
25/12/2008	1,49960 YTL	2,09670 YTL	1,65500 YTL
24/12/2008	1,49760 YTL	2,08410 YTL	1,64600 YTL

The simple arithmetic average value of the foreign currency buying exchange rates of the Bank for the previous thirty days from the date of financial statements are; USD- 1,52360 YTL, EURO- 2,03960 YTL, 100 JPY- 1.67000 YTL.

Information on the exchange rate risk of the Bank:

	EURO	USD	Yen	Other YP	Total
Current period (31.12.2008)					
Assets					
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey					0
Due from banks	39.060	3.512	47	62	42.681
Financial assets where fair value change is reflected to income statement					0
Money market placements					0
Financial assets available for sale					0
Loans	260.722	53.858	434	21.988	337.002
Investment and associates, subsidiaries and joint ventures (business partners)	632				632
Investments held to maturity					0
Derivative financial assets held for hedging					0
Property and equipment					0
Intangible assets					0
Other assets		234			234
Total assets	300.414	57.604	481	22.050	380.549
Liabilities					
Interbank deposits					0
Foreign currency deposits					0
Money market takings					0
Funds provided from other financial institutions	289.104	54.879		21.891	365.874
Marketable securities issued					0
Miscellaneous payables	332	75			407
Derivative financial liabilities held for hedging					0
Other liabilities	3.164	57			3.221
Total liabilities	292.600	55.011	0	21.891	369.502
Net on balance sheet position	7.814	2.593	481	159	11.047
Net off balance sheet position	0	0	0	0	0
Derivative financial assets					0
Derivative financial liabilities					0
Non-cash loans	4.164	58			4.222
Prior period (31.12.2007)					
Total assets	187.354	31.863	2.748	7.726	229.691
Total liabilities	177.297	26.192		7.613	211.102
Net on balance sheet position	10.057	5.671	2.748	113	18.589
Net off balance sheet position	0	0	0	0	0
Derivative financial assets					0
Derivative financial liabilities					0
Non-cash loans	718	463			1.181

VI- Explanations on interest rate risk:

Standard method determined for legal reporting is used in the calculation of the interest rate risk faced by the Bank.

In addition, time left until maturity date and profit-loss effects are analyzed for the marketable security portfolio while taking into possible change scenarios account and ways to compensate possible losses due to interest fluctuations in the market by using different markets are researched.

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

Current period (31.12.2008)	Up to 1 Month	1-3 Months	3-12 Ay Months	1-5 Years	5 Years and Over	Demand	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey						67	67
Due from banks	37.072					10.757	47.829
Financial assets where fair value change is reflected to income statement	7.320	23.602	52.921	25.783			109.626
Money market placements	170.071						170.071
Financial assets available for sale	5.727				97.626	969	6.696
Loans	121.124	255.012	67.876	47.432			589.070
Investments held to maturity		2.958	10.853	11.521			25.332
Other assets					97.626	75.179	75.179
Total assets	341.314	281.572	131.650	84.736		86.972	1.023.870
Liabilities							
Interbank deposits							0
Other deposits							0
Money market takings	294						294
Miscellaneous payables						2.181	2.181
Marketable securities issued					36.144		0
Funds provided from other financial institutions	23.029	233.042	109.557	96.268			498.040
Other liabilities					36.144	523.355	523.355
Total liabilities	23.323	233.042	109.557	96.268		525.536	1.023.870
					61.482		
On balance sheet interest sensitivity gap-Long	317.991	48.530	22.093				450.096
On balance sheet interest sensitivity gap-Short				-11.532		-438.564	-450.096
Off balance sheet interest sensitivity gap-Long							0
Off balance sheet interest sensitivity gap-Short	-739	-404	-3.159		61.482		-4.302
Total position	317.252	48.126	18.934	-11.532		-438.564	-4.302

Average interest rates applied to monetary financial instruments: (%)

Current period (31.12.2008)	EURO	USD	Yen	TRY
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey				
Due from banks	1,83			
Financial assets where fair value change is reflected to income statement				18,27
Money market placements				15,00
Financial assets available for sale				
Loans	6,59	5,26	7,00	16,10
Investments held to maturity				19,12
Liabilities				
Interbank deposits				
Other deposits				
Money market takings				
Miscellaneous payables				
Marketable securities issued				
Funds provided from other financial institutions	5,50	3,60		10,00

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

Prior period (31.12.2007)	Up to 1 Month	1-3 Months	3-12 Ay Months	1-5 Years	5 Years and Over	Demand	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	104					86	190
Due from banks	134.353					4.417	138.770
Financial assets where fair value change is reflected to income statement	4.266	5.209	80.898	20.252			110.625
Money market placements	85.537						85.537
Financial assets available for sale	6.278					988	7.266
Loans	93.706	100.798	92.740	14.125	94.004	2.637	398.010
Investments held to maturity				3.262			3.262
Other assets						74.146	74.146
Total assets	324.244	106.007	173.638	37.639	94.004	82.274	817.806
Liabilities							
Interbank deposits							0
Other deposits							0
Money market takings	126						126
Miscellaneous payables						2.011	2.011
Marketable securities issued							0
Funds provided from other financial institutions	5.846	114.351	95.194				215.391
Other liabilities	26.701	27.876	55.705			489.996	600.278
Total liabilities	32.673	142.227	150.899	0	0	492.007	817.806
On balance sheet interest sensitivity gap-Long	291.571		22.739	37.639	94.004		445.953
On balance sheet interest sensitivity gap-Short		-36.220				-409.733	-445.953
Off balance sheet interest sensitivity gap-Long							0
Off balance sheet interest sensitivity gap-Short	-1.332						-1.332
Total position	290.239	-36.220	22.739	37.639	94.004	-409.733	-1.332

Average interest rates applied to monetary financial instruments: (%)

Prior period (31.12.2007)	EURO	USD	Japanese Yen	TRY
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey				
Due from banks	4,24	4,60		16,48
Financial assets where fair value change is reflected to income statement				16,28
Money market placements				15,75
Financial assets available for sale				
Loans	6,56	7,14	6,49	13,94
Investments held to maturity				17,29
Liabilities				
Interbank deposits				
Other deposits				
Money market takings				
Miscellaneous payables				
Marketable securities issued				
Funds provided from other financial institutions	5,00	6,01		10,00

VII - Explanations on liquidity risk:

The liquidity risk management of the Bank which does not accept any savings due to being a development and investment bank therefore is not exposed to any savings based liquidity risk caused by market fluctuations is performed by proforma cash flow statements prepared for longer periods as well as daily and weekly liquidity management. Those statements are used to determine the liquidity need in future periods and/or liquidity needs in extraordinary situations (if present), alternative liquidity sources that can be utilized and placement areas.

During the prediction of possible cash flows in future period projections, different scenarios are used to calculate possible liquidity risks which the Bank can be exposed with certain probabilities.

Although the basic resource of the Bank to cover TC and FC liquidity needs is auto financing, funds can be obtained from TCMB interbank market, domestic and foreign banks and repo agreements when needed.

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Undistri buted*	Total
Current period (31.12.2008)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	67							67
Due from banks	10.757	37.072						47.829
Financial assets where fair value change is reflected to income statement		7.320	23.602	52.921	25.783			109.626
Money market placements		170.071						170.071
Marketable securities available for sale	969	5.727						6.696
Loans		6.970	22.438	86.542	408.957	64.163		589.070
Investments held to maturity			2.958	10.853	11.521			25.332
Other assets							75.179	75.179
Total assets	11.793	227.160	48.998	150.316	446.261	64.163	75.179	1.023.870
Liabilities								
Interbank deposits								0
Other deposits								0
Funds provided from other financial instruments		5.736	10.950	32.553	239.779	209.022		498.040
Money market takings		294						294
Marketable securities issued								0
Miscellaneous payables	2.181							2.181
Other liabilities		1.411					521.944	523.355
Total liabilities	2.181	7.441	10.950	32.553	239.779	209.022	521.944	1.023.870
Liquidity gap	9.612	243.417	30.182	105.297	105.186	-46.929	-446.765	0
Prior period								
Total assets	11.769	225.262	29.305	153.362	292.374	28.951	76.783	817.806
Total liabilities	2.011	2.576	6.623	14.223	191.831	110.546	489.996	817.806
Liquidity gap	9.758	222.686	22.682	139.139	100.543	-81.595	-413.213	0

(*)Other assets accounts which compose the balance sheet like fixed assets, investments and subsidiaries, office supplies, deferred expenses and followed up claims necessary for banking operations and non-current assets are shown in this section.

VIII- Explanations on financial assets and liabilities with their fair value presantion:

From the investments of the Bank's subsidiary, those which are quoted to the stock market are valued with their weighted average prices at the date of the balance sheet regulated by the Standart for Accounting of Financial Instruments. The other investments, which are not quoted to the stock market are subjected to impairment test

The table below shows the assets and liabilities on the Bank's financial statements with their fair value after adding the total rediscount amount of the period to their book value and carried cost

	Book value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	921.785	724.370	948.624	743.470
Money market placements	170.000	85.500	170.071	85.537
Due from banks	47.819	138.579	47.829	138.770
Financial assets available for sale	105.554	106.204	116.322	117.891
Investments held to maturity	22.322	3.195	25.332	3.262
Loans	576.090	390.892	589.070	398.010
Financial liabilities	492.879	323.011	500.515	327.810
Interbank deposits				
Other deposits				
Funds provided from other financial institutions	490.698	321.051	498.334	325.799
Marketable securities issued				
Miscellaneous payables	2.181	1.960	2.181	2.011

IX- Explanations on the transactions made to other parties or their accounts and transactions based on trust:

Purchases and sales of marketable securities and storage transactions services are given by the Bank for other parties and their accounts. Management and consultancy concerning capital market operations are not given by the Bank in compliance to the Capital Market Law. The Bank also operates tourism and substructure investments in the name of the Ministry of Culture and Tourism.

There are no transactions made based on faith by the Bank.

Section Five

Explanations and Notes to the Financial Statements

I- Explanations and notes to the assets of the balance sheet:

1.a) Cash and balances with the Central Bank:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	YP
Cash and foreign currency	60		86	
Central Bank	7		104	
Other				
Total	67	0	190	0

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

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Demand unrestricted amount	7		104	
Time unrestricted amount				
Time restricted amount				
Total	7	0	104	0

2. a) Financial assets where the difference in fair value is reflected to the income statement that are subjected to repo agreements or blocked / given as guarantees:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Share certificates	77,514	-	87,419	-
Bonds, notes and other mark. Sec.		-		-
Other		-		-
Total	77,514	-	87,419	-

2. b) Positive differences table for derivative financial assets held for trading:

The Bank does not possess any held for trading derivative financial assets.

3. a) Information about banks:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Banks	5,148	27,973	124,333	9,408
Domestic banks		14,708		5,029
Foreign banks				
Branches and offices abroad				
Total	5,148	42,681	124,333	14,437

3. b) Information on foreign bank account:

	Unrestricted amount		Restricted amount	
	Current Period (31.12.2008)	Prior Period (31.12.2007)	Current Period (31.12.2008)	Prior Period (31.12.2007)
European Union countries	2,144	227	9,687	4,697
USA and Canada	2,848	65		
OECD Countries*		40		
Off-shore banking regions				
Other	29			
Total	5,021	332	9,687	4,697

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

4.a) Available for sale assets that are subjected to repo agreements or blocked / given as guarantees:

None.

4. b) Information on financial assets available for sale:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Debt securities	5,727	6,278
Quoted in a stock exchange	5,727	6,278
Not quoted		
Share certificates	13,473	13,473
Quoted in a stock exchange		
Not quoted	13,473	13,473
Impairment provision (-)	12,504	12,485
Total	6,696	7,266

5. Explanations on loans:

5. a) Information on all of loans and advances given to shareholders and employees of the bank:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	Cash loans	Non-cash loans	Cash loans	Non-cash loans
Direct loans granted to shareholders	0	0	0	0
Corporate shareholders				
Real person shareholders				
Indirect Loans granted to shareholders				
Loans granted to employees	4.769		3.743	
Total	4.769	0	3.743	0

5. b) Information on the first and second Bank loans and other receivables including loans that have been restructured or rescheduled:

	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	334.503	4.602	4.146	266
Discount notes				
Export loans	22.283			
Import loans				
Loans given to financial sector	20.000			
International loans				
Consumer loans	4.769			
Credit cards				
Precious metals loans (Gold , etc...)				
Other	287.451	4.602	4.146	266
Specialized lending	234.945		7.430	3.178
Other receivables				
Total	569.448	4.602	11.576	3.444

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	23.577	0	0	0
Non-specialized loans	22.161			
Specialized loans	880			
Other receivables	536			
Medium and long term loans and other receivables	545.871	4.602	11.576	3.444
Non-specialized loans	307.038	4.602	4.146	266
Specialized loans	234.064		7.430	3.178
Other receivables	4.769			

5. ç) Information on consumer loans, individual credit cards, personnel loans and credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans- FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual credit cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel loans-TC	0	4.769	4.769
Real estate loans			0
Automobile loans			0
Consumer loans		4.769	4.769
Other			0
Personnel loans-Indexed to FC	0	0	0
Real estate loans			0
Automobile loans			0
Consumer loans			0
Other			0
Personnel loans-FC	0	0	0
Real estate loans			0
Automobile loans			0
Consumer loans			0
Other			0
Personnel credit cards-TC	0	0	0
Installment			0
Non-Installment			0
Personnel credit cards-FC	0	0	0
Installment			0
Non-Installment			0
Overdraft accounts-TC (Retail customer)			0
Overdraft accounts-FC (Retail customer)			0
Total	0	4.769	4.769

5. d) Information on Commercial Installment Loans and Corporate Credit Cards:

As of the balance sheet date the Bank has not granted any trade or corporate credit cards that can be paid by installments

5. e) Loans according to the borrowers:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Public		
Private	589.070	395.373
Total	589.070	395.373

5. f) International and domestic loans:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Domestic loans		
Foreign loans	589.070	395.373
Total	589.070	395.373

5. g) Loans granted to subsidiaries and investments:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Direct loans granted to subsidiaries and investments	1.656	8.477
Indirect loans granted to subsidiaries and investments	33	
Total	1.689	8.477

5. ğ) Specific provisions provided against loans:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Loans and receivables with limited collectibility	10.556	2.446
Loans and receivables with doubtful collectibility	8.091	2.429
Uncollectible loans and receivables	46.281	51.169
Total	64.928	56.044

5.h) Information on loans under follow-up account (Net):

5. h.1) Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled:

	III. Bank Loans and receivables with limited collectibility	IV. Bank Loans and receivables with doubtful collectibility	V. Bank Uncollectible loans and receivables
Current period	282	3.097	811
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables	282	3.097	811
Prior period	134	602	12.496
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables	134	602	12.496

5. h.2) The movement of loans under follow-up:

	III. Bank Loans and receivables with limited collectibility	IV. Bank Loans and receivables with doubtful collectibility	V. Bank Uncollectible loans and receivables
Prior period end balance	4.981	2.514	51.186
Additions (+)	10.405	8.322	19.329
Transfers from other categories of loans under follow-up (+)	1	5.134	2.052
Transfers to other categories of loans under follow-up (-)	4.742	6.945	3.655
Collections (-)	89	934	22.631
Write-offs (-)	0	0	0
Commercial and corporate loans			
Individual loans			
Credit cards			
Other			
Current period end balance	10.556	8.091	46.281
Specific provision (-)	10.556	8.091	46.281
Net Balance on balance sheet	0	0	0

5. h.3) Information on foreign currency loans and other receivables under follow-up:

The Bank, in accordance with the regulation concerning "From Uncollectable Receivables, Fees, Commissions and Receivables with Doubtful Collectibility, Uncollectible Loans and Receivables" on the third section of "Bulletin on the Turkish Uniform Chart of Accounts and Explanation" translates the foreign exchange loans to Turkish Currency with the exchange rate of the day that these are transferred to the followed up credits account and are followed in these amounts.

5.h.4) Information on gross and net loans under follow-up according to borrowers:

	III. Bank Loans and receivables with limited collectibility	IV. Bank Loans and receivables with doubtful collectibility	V. Bank Uncollectible loans and receivables
Current period (Net)	0	0	0
Loans granted to real persons and legal entities (Gross)	10.556	8.091	46.281
Specific provision (-)	10.556	8.091	46.281
Loans granted to real persons and legal entities (Net)	0	0	0
Banks (Gross)			
Specific provision (-)			
Banks (Net)	0	0	0
Other loans and receivables (Gross)			
Specific provision (-)			
Other loans and receivables (Net)	0	0	0
Prior period (Net)	2.535	85	17
Loans granted to real persons and legal entities (Gross)	4.981	2.442	51.186
Specific provision (-)	2.446	2.357	51.169
Loans granted to real persons and legal entities (Net)	2.535	85	17
Banks (Gross)			
Specific provision (-)			
Banks (Net)	0	0	0
Other loans and receivables (Gross)			
Specific provision (-)			
Other loans and receivables (Net)	0	0	0

5.i) The Main Outline for the Liquidation Policy for Credits Rated as Loss and Other Receivables:

In case the guarantee factors stated in the 9th Article of the "Legislation on Determination of Qualities of Loans and Other Receivables by Banks and Procedures and Basis for Reservation of Provisions for Those Loans" are present, then the liquidation of the receivable is realized as soon as possible as a result of administrative and legal undertakings.

In case the guarantee factor is not present and even though an evidence of insolvency is acquired for the debtor, a legal follow up is initiated with intensive intelligence actions in order to find out subsequently-acquired property.

Before and after legal action follow ups; as a result of the examinations of the financial information of the company undertaken by the Bank, in case a company is believed to be able to survive and in case it is believed that the reinstitution of the company shall benefit the economy, then the receivable is tried to be obtained with an agreement.

5.ii) Explanation on policy of derecognition disposable from financial statements:

Uncollectible loans or receivables are derecognized from financial statements on the state after the date when provisions rate of these loans and receivables reach 100% and are deemed impossible to collect in accordance with a convincing document or a court order by board of director minutes.

6. Information on investments held to maturity:

6.a) Comparative net value of investments held to maturity which are subject to repurchase transactions, given as guarantees and which are in blockage:

None.

The total of the money that has been given as guarantee is 25.332 Thousand YTL

6. b) Public sector debt securities held to maturity:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Government bonds	25.332	3.262
Treasury bills		
Other public sector debt securities		
Total	25.332	3.262

6.c) Information on investments held to maturity:

	Current Period (31.12.2008)	Current Period (31.12.2007)
Debt securities	25.332	3.262
Quoted in a stock exchange	25.332	3.262
Not quoted		
Impairment provision (-)		
Total	25.332	3.262

6. ç) The movement of investments held to maturity:

	Current Period (31.12.2008)	Current Period (31.12.2007)
Beginning balance	3.262	
Foreign currency differences on monetary assets		
Purchases during year	22.070	3.262
Disposals through sales and redemptions		
Impairment provision (-)		
Period end balance	25.332	3.262

7. Information on investments (Net):

7.a.1) Information on investments that are not consolidated:

Description	Address (City / Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1 MAKSAN A.Ş.	MALATYA	31,14	31,14
2 EMİRAY A.Ş. (*)	İSTANBUL	10,00	10,00
3 TEŞEBBÜS DESTEKLEME AJANSI (**)	ANKARA	20,00	20,00
4 TÜRK SUUDİ HOLDİNG A.Ş. (*)	İSTANBUL	24,69	24,69
5 TÜRSAN (***)	MARDİN	17,84	17,84
6 İSTANBUL RİSK SERMAYESİ GİRİŞİMİ	LÜXEMBURG	6,00	6,00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	16.359	10.913	2.695			2.845	1.565	
2								
3								
4	7.767	7.347	7.728		66	-12	-22	
5								
6								

Note: 30.09.2008 information.

(*) The company is in the process of dissolution.

(**) The company is inactive. The Bank has no other initiative over the company except partnership.

(***) The company is inactive.

7.b.2) Information on investments:

	Current Period (31.12.2008)	Current Period (31.12.2007)
Balance at the beginning of the period	5.311	5.052
Movements during the period	403	259
Purchases (*)	632	
Free shares obtained profit from current year's share		467
Dividends from current year income		
Sales		
Revaluation increase		-806
Impairment provision	229	-598
Balance at the end of the period	5.714	5.311
Capital commitments		
Share percentage at the end of the period (%)		

(*) During 2007, 'İstanbul Risk Sermayesi Girişimi' that has initial capital of 150.00 Million EURO , the Bank has 10.00 Million EURO of capital commitment. The Bank has paid 300.000Thousand EURO financial interest for 'İstanbul Risk Sermayesi Girişimi'

8. Information on subsidiaries (Net):

8.a) Information on subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1 ACISELSAN A.Ş.	DENİZLİ	76,83	76,83
2 KALKINMA YATIRIM MENKUL DEĞERLER A.Ş.	İSTANBUL	100,00	100,00
3 ARICAK A.Ş.	İSTANBUL	99,28	99,28

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	2.600	425	1.267	2		85	174	
2	15.987	9.225	417	479		-86	-134	
3	11.476	9.790	10.908	4		110	106	

Note: 30.09.2008 information.

8.b.2) Information on subsidiaries:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Balance at the beginning of the period	9.246	10.446
Movements in period	1.406	-1.200
Purchases (*)	6.844	
Free shares obtained profit from current years share		
Dividends from current year income		
Sales		1.665
Revaluation increase	-259	465
Impairment provision	5.179	
Balance at the end of the period	10.652	9.246
Capital commitments		
Share percentage at the end of the period (%)	100	100

(*) Regarding to the "Legislation on Determination of Qualities of Loans and Receivables by Banks and Producers and Basis for Reservation of Provision for those Loans" the portion of 3.375 Thousand YTL of the 6.844 Thousand YTL belongs to Ancak A.Ş. and 3.469 Thousand YTL belongs to Aciselsan A.Ş. and these amounts are transferred from loans under follow-up accounts. The portion of 3.375 Thousand YTL of 5.179 Thousand YTL of impairment provision belongs to Ancak A.Ş. and 1.804 Thousand YTL belongs to Aciselsan A.Ş.

8.b.3) Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Banks		
Insurance companies		
Factoring companies		
Leasing companies		
Finance companies		
Other financial subsidiaries	8.987	9.246

8.b.4) Subsidiaries which are quoted to a stock exchange:

None.

9. Information on jointly controlled companies:

As of the balance sheet date the Bank does not have any jointly controlled companies.

10. Information on lease receivables (Net):

The Bank does not have any financial lease operations. The Bank has an operating lease receivable of 3 Thousand YTL.

11. Information on hedge instruments:

None

12. Information on tangible fixed assets :

	Real Estate	Leased Tangible Assets	Motor Vehicles	Other Tangible Fixed Assets	Total
Balance at the beginning of the period:					
Cost	128.791		279	3.194	132.264
Accumulated Depreciation (-)	18.445		279	1.576	20.300
Impairment Provisions	72.096				72.096
Net Book Value	38.250	0	0	1.618	39.868
Balance at the end of current period:					0
Net Book Value at the beginning of the period	38.250	0	0	1.618	39.868
Purchases	0			1.607	1.607
Disposed	1.102		0	538	1.640
Deleted From Impairment Provision	2.386				2.386
Impairment Provisions	85			0	85
Current period Depreciation (-)	2.456		0	659	3.115
Depreciation of investment securities which is disposed	125		0	0	125
Deleted from the Depreciation of investment securities which is disposed (-)	30			538	568
Cost at the end of the period	57.894	0	279	4.263	62.436
Accumulated depreciation at the end of per. (-)	20.996	0	279	1.697	22.972
Closing Net Book Value	36.898	0	0	2.566	39.464

13. Information on intangible assets:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	Gross book value	Accumulated Depreciation	Gross book value	Accumulated Depreciation
Software	1.276	419	207	50

14. Explanations on real estate held for investment:

None.

15. Explanations on deferred tax asset:

Due to the accounting policies and valuation principals applied at the Bank financial statements and the “timing differences” between the tax legislations the amount of deferred tax assets of 8.523 Thousand YTL was reflected in the financial statements as.

16. Explanations on fixed assets held for sale and discontinued operations:

None.

17. Information on other assets:

The total of other assets is 2.253 Thousand YTL comprising of 35 Thousand YTL of office supplies, 1.609 Thousand YTL of temporary loan accounts, 609 Thousand YTL sundry receivables.

a) If the other assets are greater than 10% of balance sheet total excluding off-balance sheet commitments, names and amounts of subaccounts that form at least 20% of other assets:

Other assets are not greater than 10% of balance sheet total.

II- Explanations and Notes to the Liability Accounts of the Balance Sheet

1. Information on the maturity structure of savings and collected funds:

The Bank does not accept any savings and does not collect any funds.

2. Information on Held for Trading Derivative Liabilities:

2.a) Table of negative differences concerning held for trading derivative liabilities:

None.

3. Information on received loans:

3. a) Information about funds borrowed:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Funds borrowed from the Central Bank of Turkey				
Domestic banks and institutions	4.087	159.882	4.579	120.591
Foreign banks, institutions and funds		205.946		90.221
Total	4.087	365.828	4.579	210.812

3. b) Maturity structure of funds borrowed:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Short-term	4.087	21.200	4.579	16.492
Medium and long-term		344.628		194.320
Total	4.087	365.828	4.579	210.812

3.c) Additional explanations concerning the concentrated areas of Bank liabilities:

Bank is not allowed to collect any savings and the liabilities included in the financial statements consist of funds, middle and long term loans from domestic and international institutions.

Most of the loans from international sources are from European Investment Bank and European Commission Development Bank. Domestic loans are from Eximbank and Undersecretariat of Treasury.

Almost all of the domestic funds amounting up to 128.125 YTL are from Undersecretariat of Treasury. The risk of the Cyprus Bank's loans, used amounting up to 113.832 YTL does not belong to the Bank.

4. If the Other Liabilities Account Exceeds 10% of the Total of Balance Sheet, Names and Amounts of Sub-accounts That Form at Least 20% of Other Liabilities:

None.

5. Information on lease liabilities (Net):

None.

6. Information on hedge liabilities:

None.

7. Explanations on provisions:

7.a) Information on general provisions:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
General provisions	4.551	1.800
Provisions for first Bank loans and receivables	2.389	1.671
Provisions for second Bank loans and receivables	1.955	41
Provisions for non cash loans	8	1
Others	199	87

7.b) Provisions for principal foreign exchange losses foreign currency loans and receivables from financial leasing contracts:

None.

7.c) Special provisions for non-cash loans which are non-reimbursed and converted to cash:

None.

7.d) Other Provisions:

The Bank calculated and reflected the provisions for termination indemnities in accordance with the 19th Turkish Accounting Standart to the financial statements.

As of December 31st, 2008, the amount of Bank's provisions for termination indemnities is 15.285 Thousand YTL (31.12.2007: 14.583 Thousand YTL).

The Bank has not calculated any provision excluding employee's rights and general loan provisions.

8. Information on liabilities for tax:

8.a) Current tax liabilities:

(31.12.2008) (31.12.2007)

8.a.1) Explanations on provision for taxes:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Corporate Tax and Deferred Tax				
Corporate Tax Payable	9.676	-	10.599	-
Deferred Tax Liability	-	-	-	-
Total	9.676	-	10.599	-

8.a.2) Information on taxes payable:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Corporate taxes payable	9.676	10.599
Taxation of securities	77	56
Property tax	1	1
Banking Insurance Transaction Tax (BITT)	526	95
Foreign exchange legislation tax		
Value added tax payable		
Other	603	558
Total	10.883	11.309

8.a.3) Information on premiums:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Social security premiums-Employee	78	82
Social security premiums-Employer	109	114
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	6	6
Unemployment insurance-Employer	11	11
Other		
Total	204	213

The current tax liability of 11.087 Thousand YTL in the balance sheet is the sum of amounts included in notes (8.a.2) and (8.a.3).

9. Explanation on liabilities for property and equipment held for sale purposes and held from discontinued operations:

Bank does not have any liabilities from property and equipment held for sale purposes and held from discontinued operations.

10. Explanations on number, maturity date, interest rate of the capital like loans acquired by the Bank, the company that provided the loan, the option to convert to share certificates:

None.

11. Information on shareholders' equity:

11.a) Paid-in capital:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Common stock	160.000	160.000
Preferred stock	-	-

11.b) Paid-in capital, explanations on if the recorded capital is applied in the Bank and the capital ceiling if recorded capital is applied:

Capital System	Paid-in Capital	Ceiling
Recorded Capital	160.000	500.000

11.c) Capital increases in current period and their sources and other information on the increased capital share:

There has been no capital increase in the current period.

11.ç) Information on the capital reserves added to capital in the current period:

None.

11.d) Capital commitments until the last financial year and the end of the following period, the general purpose of those commitments and possible sources for those commitments:

There have been no capital commitments.

11.e) The previous period indicators concerning the revenue, profitability and liquidity of the Bank, and the projected effects of foresights based on the ambiguities of these indicators:

The previous period revenues, profitability and liquidity of the Bank and the projections of future periods are followed by the Directorate of Strategic Planning and Quality Management. It is estimated that the Bank will retain its rate of increase of equities and will not experience any difficulties for capital sufficiency based on the current economic conditions in the country and the foresights concerning revenue, profitability and liquidity.

11.f) Summarized information on the privileged shares representing the capital:

The Bank has no privileged shares.

11.g) Information on financial assets revaluation fund:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
From investment and associates, subsidiaries and joint ventures (business partners)			259	
Revaluation difference	4.067		4.618	
Foreign exchange difference				
Total	4.067	0	4.877	0

III- Explanations and Notes to the Off-Balance Sheet Accounts

1. Explanation on the Off-Balance Sheet Liabilities:

1.a) Type and amount of irrevocable loan commitments:

None.

1.b) Type and amount of possible losses and commitments caused by off-balance sheet accounts including the ones below:

None.

1.b.1) Guarantees, bank bill guarantees and holdings and guarantees that represent financial guarantees and non-cash loans including other letters of credit:

As of 31.12.2008 Bank's letters of credit commitments are 4.222 Thousand YTL.

1.b.2) Absolute guarantees, temporary guarantees, bill guarantees and similar operations:

Bank's Turkish Currency guarantee letters amount up to 80 Thousand YTL.

1.c.1) Non-cash loans:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
Guarantees given against cash loans	-		-	
With maturity of 1 year or less than 1 year				
With maturity of more than 1 year				
Other non-cash loans	4.302		1.332	
Total	4.302		1.332	

1.c.2) Sectoral risk concentrations of non-cash loans:

	Current Period (31.12.2008)				Prior Period (31.12.2007)			
	TC	(%)	FC	(%)	TC	(%)	FC	(%)
Agricultural	2	2,50	0	0,00	2	1,32	0	0,00
Farming and raising livestock	2	2,50		0,00	2	1,32		0,00
Forestry	0	0,00		0,00		0,00		0,00
Fishing		0,00		0,00		0,00		0,00
Manufacturing	42	52,50	3.818	90,43	112	74,17	1.181	100,00
Mining		0,00		0,00		0,00		0,00
Production	42	52,50	3.760	89,06	112	74,17	1.181	100,00
Electric, gas and water		0,00	58	1,37	0	0,00	0	0,00
Construction	1	1,25		0,00	2	1,32		0,00
Services	35	43,75	404	9,57	35	23,18	0	0,00
Wholesale and retail trade		0,00		0,00		0,00		0,00
Hotel, food and beverage services		0,00		0,00	1	0,66		0,00
Transportation and telecommunication		0,00		0,00		0,00		0,00
Financial Institutions	35	43,75		0,00	34	22,52		0,00
Real estate and renting services		0,00		0,00		0,00		0,00
Self-employment services		0,00		0,00		0,00		0,00
Education services		0,00	404	9,57		0,00		0,00
Health and social services		0,00		0,00		0,00		0,00
Other		0,00		0,00		0,00		0,00
Total	80	100,00	4.222	100,00	151	100,00	1.181	100,00

1.c.3) Information about the 1st and 2nd Bank non-cash loans and other receivables including those that have been restructured or rescheduled:

	I st Bank - Standart loans and other receivables		II nd Bank - Loans and other receivables under close follow-up	
	TC	FC	TC	FC
Non-cash loans	80	4.222		
Letters of guarantee	80			
Bank acceptances				
Letters of credit		4.222		
Endorsements				
Underwriting commitments				
Factoring commitments				
Other commitments and contingencies				

2. Explanations on derivatives:

None.

3. Explanations on conditional assets and liabilities:

The Bank pledged to purchase a 10 Million EURO nominal value portion " Bank A" stocks of the Istanbul Venture Capital Initiative (IVCI-A Luxemburg Investment Company Fund), which is a joint stock company established in compliance with the Luxemburg Legal Legislations and has a 150 Million EURO pledged capital, and pledges to pay the aforementioned amount on a date to be specified in accordance with the fund's investment plan.

Participation of the Bank has been approved by the board of directors of the aforementioned company on 13.11.2007 and a share purchase agreement has been signed on that date.

300.000 EURO has been paid on 07.11.2008

4. Explanations on Services Given to Other Parties of Their Accounts:

- Purchases and sales of marketable securities and storage transactions services are given by the Bank for other parties and their accounts.

Utilizing the licences obtained by the subsidiary of the Bank from Capital Market Board, operations in the context of purchase-sale brokerage, public offering brokerage, repurchasing and reverse repurchasing, purchase-sale, investment consultancy, portfolio management, marketable securities by credits, short selling and borrowing and lending of marketable securities, purchase-sale brokerage of derivative instruments are carried out by the subsidiary.

IV- Explanations and notes to the income statement:

(31.12.2008) (31.12.2007)

1.a) Information about interest income received from loans:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Interest on loans (*)	44.042	18.935	28.765	13.021
Short term loans	468	1.188	527	625
Medium and long term loans	31.092	17.747	20.908	12.396
Interest on loans under follow-up	12.482		7.330	
Premiums received from resource utilization support fund				

(*)Includes fees and commissions received from cash-loans.

1.b) Information on interest received from banks:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
From The Central Bank of Turkey				
From domestic banks	6.417	565	6.703	339
From foreign banks		324		577
From branches and offices abroad				
Total	6.417	889	6.703	916

1. c) Information on interest received from marketable securities portfolio:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Financial assets held for trading	18.607		16.827	
Financial assets where fair value change is reflected to income statement				
Financial assets available for sale				
Investments held to maturity	2.943		67	
Total	21.550	0	16.894	0

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

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Interests received from associates and subsidiaries	77	23

2.a) Information on interest payable to funds borrowed:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Banks	647	8.975	689	5.643
The Central Bank of Turkey				
Domestic banks	647	1.388	689	1.858
Foreign banks		7.587		3.785
Branches and offices abroad				
Other institutions	1.165	6.116	1.118	4.432
Total	1.812	15.091	1.807	10.075

* Includes fees and commissions payable to cash-loans.

2.b) Information on interest expense payable to associates and subsidiaries:

None.

3. Information on dividend income:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Financial assets held for trading		
Financial assets where fair value change is reflected to income statement		
Financial assets available for sale	97	81
Other	214	142
Total	311	223

4. Net trading income/loss:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Income	11.988	3.238
Profit on trading account securities	1.027	1.559
Derivative financial transactions		
Other	1.027	1.559
Foreign exchange gains	10.961	1.679
Loss (-)	3.134	5.317
Losses on trading account securities	0	0
Derivative financial transactions		
Other		
Foreign exchange losses	3.134	5.317

5. Information on other operating income:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Income arising from sale of assets	582	786
Reversed provision	14.450	23.605
Other	7.400	990
Total	22.432	25.381

6. a) Provision expenses of banks loans and other receivables losses:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Specific provisions for loans and other receivables	25.984	11.065
III. Bank	10.543	642
IV. Bank	8.092	1.791
V. Bank	7.349	8.632
General provision expenses	2.751	480
Provision expenses for possible losses		
Marketable securities impairment expense	19	1
Financial assets where fair value change is reflected to income statement		
Investment securities available for sale	19	1
Impairment expense related to associates, subsidiaries and		
investment securities held to maturity	383	597
Investment and associates	383	597
Subsidiaries		
Joint ventures (business partners)		
Investment securities held to maturity		
Other		
Total	29.137	12.143

7. a) Information related to other operational expenses:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Personnel expenses	37.375	35.215
Reserve for employee termination benefits	1.629	2.965
Bank social aid fund deficit provision		
Fixed assets impairment exepense		
Depreciation expenses of fixed assets	3.116	2.780
Intangible assets impairment expense		
Goodwill impairment expense		
Amortization expenses of intangible assets	368	
Shares (capital method applied) impairment expense		
Impairment expense for investment securities that will be disposed	85	85
Amortization expenses of investment securities that will be disposed	125	87
Impairment expenses for property and equipment held for sale purpose and discontinued operations		
Other operating expenses	5.347	5.108
Operational leasing expenses	40	35
Maintenance expenses	489	658
Advertisement expenses	61	95
Other expenses	4.757	4.320
Loss on sales of assets		11
Other	1.586	1.908
Total	49.631	48.159

8. Explanations on profit/loss before taxes from continuing operations and discontinued:

As of 2008, Bank's profit before taxes from continuing operations is 45.873 Thousand YTL. The Bank has no discontinued operations in 2008.

9. Explanations on tax provision from continuing operations and discontinued operations:

Current tax expenses calculated from continuing operations of the Bank is 9.676 Thousand YTL. Deferred tax incomes are 482 Thousand YTL.

9.a) Calculated current tax income-loss or deferred tax income-loss:

For the 01.01.2008-31.12.2008 period, 1.381 Thousand YTL deferred tax expenses accrued and 1.863 Thousand YTL deferred tax income accrued to the Bank.

9.b) Deferred tax income or expenses caused by temporary differences:

At the end of the 01.01.2008-31.12.2008 period a total of 1.863 Thousand YTL tax income accrued in comparison to the 482 Thousand YTL deferred tax income accruing after netting-off from the 1.381 thousand YTL tax expenses for the Bank.

9.c) Deferred tax income or expense reflected to the income statement due to temporary differences, financial loss and tax deduction or exception:

As a result of deduction of the tax income and expenses added and subtracted to the deferred tax assets, 482 Thousand YTL is reflected to the income statement. A net balance of 482 Thousand YTL reflected to the income statement has resulted as income due to the temporary difference financial loss and tax deduction and exception.

10. Net profit/losses from continuing and discontinued operations:

The Bank acquired 36.679 Thousand YTL net profit from their continuing operations during the 01.01.2008-31.12.2008 period.

11. Explanation on net profit/loss for the period:

11.a) If the explanation of the type, amount and rate of reoccurrence of the income and expenses from ordinary banking operations is necessary for the understanding of Bank's performance for the period, the types and amounts of those items:

None.

11.b) The effect of a change in estimate related to financial statement items on profit / loss including future effects if there is a possibility that the change will affect future periods:

Since there are no changes in accounting estimates, there are no issues that need to be explained.

12. From the other items in the income statement, if they exceed 10% of income statement total, sub-accounts that make up at least 20% of those items:

As of 31.12.2008, a portion of 7.251 Thousand YTL of the 8.308 Thousand YTL Other Interest Expenses Account consists of the interest paid to KKTC (Turkish Republic of Northern Cyprus); a 4.685 Thouand YTL portion of the 11.578 Thousand YTL Other Obtained Fee and Commissions consist of Medium and Long Term Fund Based Loans and Other Receivables.

V. Explanations and Notes to the Statement of Changes in Shareholders' Equity

Nominal paid-in capital in the legal records of the Bank is 160.000 Thousand YTL, and legal reserves amount is 24.359 Thousand YTL, extraordinary reserves amount is 51.020 Thousand YTL, as of the balance sheet date.

In the current period, complete change in the other reserves account of the Bank is due to the distribution of the 2007 profit.

The total value of financial assets increased fund which aries from valuation fund of financial assets available for sale is 4.067 Thousand YTL

Total amount of the bonus shares from shareholders is 468 Thousand YTL.

VI. Explanations and Notes to the Cash Flow Statement

Information on the cash and cash equivalents:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Cash	10.824	4.938
Cash	60	86
Demand Deposits at Banks	10.764	4.852
Cash Equivalents	207.062	219.331
Interbank Money Market	170.000	85.500
Time Deposits at Banks	37.062	133.831
Total Cash and Cash Equivalents (*)	217.886	224.269

(*) Not includes rediscounts

VII. Explanations on the Risk Group Bank in Which the Bank is Included:

In the Bank which has no savings operations, the limitations stated in the Banking Law and internal regulations are preserved and normal customer relationships and market conditions are considered in related party transactions. The policy of keeping the bank assets and liabilities in the amount that will not be under the command of related risk Group and in fair levels in total balance sheet is adopted and applications are carried out in the direction of this policy.

a) Current Period:

Bank's risk Bank	Investment and associates, subsidiaries and joint ventures (business partners)		Direct and indirect shareholders of the Bank		Real and legal persons that have been included in the risk Bank	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	8.477	102				
Balance at the end of the period	5.031	33				
Interest and commission income received	77	3				

b) Previous Period:

Bank's risk Bank	Investment and associates, subsidiaries and joint ventures (business partners)		Direct and indirect shareholders of the Bank		Real and legal persons that have been included in the risk Bank	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	952	236				
Balance at the end of the period	8.477	102				
Interest and commission income received	152	21				

c) Information on forward and option agreements and other similar agreements made with the Bank's risk Bank:

None.

VIII. Explanations on the Domestic, International, Off-shore Branches or Affiliates or International Representative Offices

	Number	Number of employees	Country of incorporation	Total assets	Statutory share capital
Domestic branch	2	720			
Foreign representation	-	-	1- 2- 3-		
Foreign branch	-	-	1- 2- 3-	-	-
Off-share banking egion branches	-	-	1- 2- 3-	-	-

Section Six
Other Explanations

I. Other Explanations Concerning Bank's Operations

Summarized Information on the Bank's Rating Determined by International Rating Organizations:

Bank's international ratings are determined by Fitch IBCA and summarized information on the ratings for the period ended on 31 December 2007 are given below.

Foreign Currency

Long Term	BB-
Short Term	B
Outlook	Stable

Local Currency

Long Term	BB-
Short Term	B
Outlook	Stable

National

Long term	AA+ (tur)
Outlook	Stable

Individual Rating (Individual)

D

Support Rating

3

Section Seven
Independent Audit Report

I. Issues Concerning the Independent Audit Report That Need to be Explained

Financial statements dated 31 December 2008 and for the period then ended have been audited by Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. and the independent audit report dated 10 March 2009 and numbered as 2009/06 is included at the beginning of financial statements.

II. Explanations and Notes Prepared by the Independent Auditor

None.

Türkiye Kalkınma Bankası A.Ş.
1 January 2008 - 31 December 2008
Period Consolidated
Financial Report and
Independent Auditors' Report

Türkiye Kalkınma Bankası A.Ş.
Consolidated Financial Report
for the Year Ended,
31 December 2008

Necatibey Cad. No: 98
06100 Bakanlıklar-Ankara/TURKEY
Tel: +90 312 231 84 00 Fax: +90 312 231 43 41
www.tkb.com.tr muhasebe@tkb.com.tr

The consolidated year-end financial report prepared in accordance with the Banking Regulation and Supervision Agency Bulletin "Bulletin on Financial Statements to be Presented to the Public by Banks and Notes to Those Financial Statements" consists of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT COMPANY BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT COMPANY BANK
- NOTES ON THE APPLIED ACCOUNTING POLICIES IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE OF THE CONSOLIDATED GROUP
- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- INDEPENDENT AUDITORS' REPORT

Our subsidiaries, affiliates and jointly controlled companies whose financial statements are consolidated in the context this yearly consolidated financial report are below.

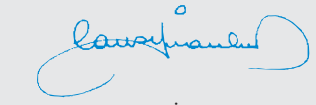
<u>Subsidiaries</u>	<u>Affiliates</u>	<u>Jointly Controlled Companies</u>
1 Kalkınma Yatırım Menkul Değerler A.Ş.	-	-

The consolidated financial statements and notes to the financial statements included in this report are prepared in thousand New Turkish Liras unless otherwise stated according to the Regulation on the Procedures and Basis Concerning the Accounting Policies and Preservation of Documents of Banks, Turkish Financial Reporting Standards, attachments and interpretations concerning those standards and our Bank records, audited and presented below.


Abdullah ÇELİK
Head of Board of Directors
and General Manager


İrfan TOKGÖZ
President of Audit
Committee


Özcan TENGİLİMOĞLU
Audit Committee
Member


S. Cansel İNANKUR
Assistant General Manager
Responsible for
Financial Reporting


Salih DEMİREL
Finance Manager

Information on the authorized personnel that can be asked about this financial report

Name Surname / Title: Nihal MADASOĞLU / Assistant Finance Manager
Tel No : 0 312 - 418 84 87 Fax No : 0 312 - 418 22 94

Türkiye Kalkınma Bankası A.Ş. for the 1 January 2008-31 December 2008 Independent Auditors' Report

To the Board of Directors Türkiye Kalkınma Bankası A.Ş.:

We have audited the balance sheet of Türkiye Kalkınma Bankası A.Ş. (Bank) dated December 31st, 2007 and its income statement, cash flow statement, statement of changes in shareholders' equity which ended at the same date stated above and a descriptive summary of the significant accounting policies and other explanatory notes.

Explanation Concerning the Responsibility of the Bank Management:

The Bank's Board of Directors is responsible for the presentation of the financial statements according to the Legislation on Basis and Procedures Concerning Accounting Applications and Preservation of Documents of Banks and Turkish Financial Reporting Standards and other legislations, bulletin, circulars and comments stated by the Banking Regulation and Supervision Agency (BDDK) and the establishment of an internal control system that will assure the preparation and presentation of financial statements free of material misstatements caused by errors and corruption and the adoption and application of appropriate accounting policies.

Explanation Concerning the Responsibility of the Authorized Audit Firm:

Our responsibility as the audit firm conducting the independent audit is to present an opinion concerning the audited financial statements. Our audit has been undertaken in accordance with the legislation on Authorizing Institutions which Audit Banks and their Activities Published in the November 1st dated and 26333 numbered official gazette and international audit standards. Our audit has been planned and conducted to provide reasonable assurance that the financial statements are free of material misstatement. During our audit, audit methods have been used to gather audit evidence concerning the amounts in financial statements and notes to the financial statements; the appointed auditors have been given the initiative to chose the audit methods, however suitable audit methods have been determined by auditing the effectiveness of internal controls during the preparation and presentation of financial statements and the appropriateness of the accounting policies used. Sufficient audit evidence has been gathered to form the audit opinion given below.

Independent Auditors' Opinion:

In our opinion, the accompanying financial statements truly present, in all material aspects, the financial position of the Bank as of December 31st, 2008, results of operations for the period and cash flows according to the accounting principles and standards determined in the legislations in effect due to the 37th and 38th article of the Banking Law numbered 5411 and other legislations, bulletin circulars and comments published by the Banking Regulation and Supervision Agency (BDDK).

Ankara, 10.03.2009, 2009/06

Rehber Independent Auditing and Certified Consultancy A.Ş.
A Member of International Eurogroup Consult



Adil ÖNER
Chief Executive Auditor

Section One General Information

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- IV-** Explanations concerning persons or companies holding privileged shares of Parent Company Bank
- V-** Summarized information on the types of service and field of operation of the Parent Company Bank

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- VI-** Explanations on Salary and Commission Income and Expenses
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- IX-** Explanations on Netting of Financial Assets
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- XII-** Explanations on Goodwill and Other Intangible Assets
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- XVII-** Explanations on Tax Applications
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- XXIII-** Explanations on Other Issues

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- I-** Explanations and Notes to the Asset Accounts of Consolidated Balance Sheet
- II-** Explanations and Notes to the Liability Accounts of Consolidated Balance Sheet
- III-** Explanations and Notes to the Off-Balance Sheet Accounts of Consolidated Balance Sheet
- IV-** Explanations and Notes to the Consolidated Income Statement
- V-** Explanations and Notes to the Consolidated Statement of Changes in Equity
- VI-** Explanations and Notes to the Consolidated Cash Flow Statement
- VII-** Explanations on the Risk Group of Bank
- VIII-** Explanations on the Domestic, International, Off-shore Branches or Affiliates or International Representative Offices

Section Six Other Explanations

- I-** Other Explanations on Banks Operations

Section Seven Independent Audit Report

- I-** Issues Concerning the Independent Audit Report That Need to be Explained
- II-** Explanations and Notes Prepared by the Independent Auditor

Section One General Information

I- Establishment date, beginning status, history of the bank including changes in the beginning status of the Parent Company Bank

The Bank was established on 27 November 1975 according to the Decree Based on Law Numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of "Devlet Sanayi ve İşçi Yatırım Bankası". Some adjustments were made on the status of the Bank with the Decree Based on Law Numbered 165 dated 14.11.1983.

On 15 July 1989, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Based on Law Numbered 329 in parallel with the developments in its service range. The Bank has become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the Supreme Planning Council decision dated 20 January 1989 numbered 89/T-2. Also with the Decree Based on Law Numbered 401 dated 12.02.1990 some of the articles of Bank status were changed.

With the Law Numbered 4456 dated 14.10.1999, Decrees Based on Law Numbered 13, 165, 329 and 401 were revoked and the establishment and operating rudiments were rearranged.

II- Capital structure of the Parent Company Bank, partners solely or jointly holding the direct or indirect administration and audit rights, explanation concerning the group including the changes in those issues if present

The capital ceiling of the Bank which is subject to recorded capital system is 500.000.000 YTL. The share capital level of according to that share is 160.000.000 YTL and consist of 16.0 Million lots that on eof each costs 0,01 YTL. Each the shareholders and their shares in the share capital are shown below.

Shareholders	Share Amount (Thousand YTL)	Share (%)
Treasury	158.530,45	99,08
Other Shareholders	1.469,55	0,92
Total	160.000,00	100,00

III- Explanations concerning the shares of head of Board of Directors and members, audit committee members and general manager and assistants of the Parent Company Bank

Head and Members of the Board of Directors

Head of Board of Directors : Abdullah ÇELİK
Board of Directors Members : Ahmet YAMAN
Hakan TOKAÇ
Adnan YALÇINCI (*)
Zekai İŞILDAR (*)
Özcan TENGİLİMOĞLU
İrfan TOKGÖZ
Mehmet AYDIN (**)
Şerif ÇELENK (**)

The Head and Members of Board of Directors do not own any shares in the Bank.

(*) Adnan YALÇINCI on the date 29.01.2009, Zekai İŞILDAR on the date 15.01.2009 resigned from the member of the Board of Directors.
(**) Mehmet AYDIN and Şerif ÇELENK have been promoted to be a member of the Board of Directors and started to their job on 02.03.2009 and will be submitted to the approval of General Assembly on 20.02.2009

Audit Committee Members : Mehmet AYDIN (**)
Bahri KIZILKAYA
Mustafa GÜNEŞ
Mahmut Hadi EKİCİ (***)

General Manager and Assistants
General Manager : Abdullah ÇELİK
Assistant General Managers : S. Cansel İNANKUR
Bahattin SEKKİN
Adnan YALÇINCI
Zekai İŞILDAR (V) (*)

(*)Has been promoted to Assistant General Manager position with 2009/10717 numbered decision regarding to the 27123 numbered and 27.01.2009 dated Legal Gazette and has started his job on 30.01.2009
(**) Mehmet AYDIN has resinged from the Audit Committee on 20.02.2009
(***) Mahmut Hadi EKİCİhas been promoted to become a member of Audit Committee on 20.02.2009

I- Explanations concerning persons or companies holding privileged shares of Parent Company Bank

The Treasury owns 99.08 of the Parent Company Bank.

II- Summarized information on the types of service and field of operation of the Parent Company Bank

The field of operation of Türkiye Kalkınma Bankası A.Ş. which is a development and investment bank is; provide loans, provide financing and administration support by purchasing shares of establishments with the status of "Incorporated Company" for the development of Turkey, to direct domestic and foreign savings into development investments, to assist in the development of capital market, to finance domestic and foreign joint ventures and carry on all kinds of development and investment banking activities.

Section Two
Consolidated Financial Statements of Parent Company Bank

I- Consolidated Balance Sheet (Appendix: 1-A)

II- Consolidated Off-Balance Sheet Accounts Statement (Appendix: 1-B)

III- Consolidated Income Statement (Appendix: 1-C)

IV- Consolidated Income Statement Accounts Booked In Shareholders` Equity (Appendix: 1-Ç)

V- Consolidated Statement of Changes in Equity (Appendix: 1-D)

VI- Consolidated Cash Flow Statement (Appendix: 1-E)

VII- Consolidated Profit Distribution Table (Appendix:1-F)

Consolidated Balance Sheet

Appendix: 1-A

Thousand New Turkish Lira							
	Disc.	Current Period (31.12.2008)			Prior Period (31.12.2007)		
		TC	FC	Total	TC	FC	Total
ASSETS							
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	85		85	204		204
II. FINANCIAL ASSETS WHERE FAIR VALUE CHANGE IS REFLECTED TO INCOME STATEMENT (Net)	(2)	109.626	0	109.626	110.625	0	110.625
2.1.Financial assets held for trading		109.626	0	109.626	110.625	0	110.625
2.1.2.Public sector debt securities		109.626		109.626	110.625		110.625
2.1.3.Securities representing a share in capital				0			0
2.1.4.Other marketable securities				0			0
2.2.Financial assets where fair value change is reflected to income statement		0	0	0	0	0	0
2.2.1.Public sector debt securities				0			0
2.2.2.Securities representing a share in capital				0			0
2.2.3.Other marketable securities				0			0
2.3.Derivative financial assets held for trading				0			0
III. BANKS	(3)	11.456	42.685	54.141	124.338	14.497	138.835
IV. MONEY MARKET SECURITIES		178.087	0	178.087	97.403	0	97.403
4.1.Interbank money market placements		170.661		170.661	85.537		85.537
4.2.Istanbul Stock Exchange money market placements		2.923		2.923	920		920
4.3.Receivables from reverse repurchase agreements		4.503		4.503	10.946		10.946
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	6.696	0	6.696	7.266	0	7.266
5.1.Securities representing a share in capital		969		969	988		988
5.2.Public sector debt securities				0			0
5.3.Other marketable securities		5.727		5.727	6.278		6.278
VI. LOANS	(5)	253.261	337.002	590.263	187.090	215.048	402.138
6.1.Loans		253.261	337.002	590.263	184.453	215.048	399.501
6.1.1.Loans granted to the Bank's risk group				0			0
6.1.2.Other		253.261	337.002	590.263	184.453	215.048	399.501
6.2.Loans under follow-up		64.941		64.941	58.852		58.852
6.3.Specific provisions (-)		64.941		64.941	56.215		56.215
VII. FACTORING RECEIVABLES				0			0
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	25.332	0	25.332	3.262	0	3.262
8.1.Public sector debt securities		25.332		25.332	3.262		3.262
8.2.Other marketable securities				0			0
IX. INVESTMENTS AND ASSOCIATES (Net)	(7)	5.988	632	6.620	5.311	0	5.311
9.1.Accounted with equity method		5.988		5.988	5.311		5.311
9.2.Non-consolidated investments and associates		0	632	632	0	0	0
9.2.1.Financial investments and associates			632	632	0		0
9.2.2.Non-financial investments and associates		0		0	0		0
X. SUBSIDIARIES (Net)	(8)	1.665	0	1.665	0	0	0
10.1.Non-consolidated financial subsidiaries				0			0
10.2.Non-consolidated non-financial subsidiaries		1.665		1.665			0
XI. JOINT VENTURES (BUSINESS PARTNERS) (Net)	(9)	0	0	0	0	0	0
11.1.Accounted with equity method				0	0	0	0
11.2.Non-consolidated joint ventures		0	0	0			0
11.2.1.Financial joint ventures				0			0
11.2.2.Non-financial joint ventures				0			0
XII. RECEIVABLES FROM LEASING TRANSACTIONS (Net)	(10)	3	0	3	2	0	2
12.1.Finance lease receivables				0			0
12.2.Operational leasing receivables		3		3	2		2
12.3.Others				0			0
12.4.Unearned income (-)				0			0
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	0	0	0	0	0	0
13.1.Fair value hedges				0			0
13.2.Cash flow hedges				0			0
13.3.Hedges for investments made in foreign countries				0			0
XIV. PROPERTY AND EQUIPMENT (Net)	(12)	39.818		39.818	40.282		40.282
XV. INTANGIBLE ASSETS [Net]	(13)	867	0	867	176	0	176
15.1.Goodwill				0			0
15.2.Other		867		867	176		176
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(14)			0			0
XVII. ASSETS FOR TAX	(15)	16.282	0	16.282	16.298	0	16.298
17.1.Current assets for tax		7.830		7.830	8.291		8.291
17.2.Deferred assets for tax		8.452		8.452	8.007		8.007
XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)	(16)	0	0	0	0	0	0
18.1.Held for sale purpose				0			0
18.2.Held from terminated operations				0			0
XIX. OTHER ASSETS	(17)	2.249	234	2.483	3.521	206	3.727
TOTAL ASSETS		651.415	380.553	1.031.968	595.778	229.751	825.529

Consolidated Balance Sheet

Appendix: 1-A

Thousand New Turkish Lira							
	Disc.	Current Period (31.12.2008)			Prior Period (31.12.2007)		
		TC	FC	Total	TC	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	0	0	0	0	0	0
1.1.Deposits held by the Bank's risk group				0			0
1.2.Other				0			0
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)			0			0
III. FUNDS BORROWED	(3)	4.105	365.828	369.933	4.579	210.812	215.391
IV. INTERBANK MONEY MARKET		6.549	0	6.549	6.409	0	6.409
4.1.Interbank money market payables		2.923		2.923			0
4.2.Istanbul Stock Exchange money market payables		58		58			0
4.3.Funds provided under repurchase agreements		3.568		3.568	6.409		6.409
V. MARKETABLE SECURITIES ISSUED (Net)		0	0	0	0	0	0
5.1.Bills				0			0
5.2.Asset backed securities			0	0			0
5.3.Bonds				0			0
VI. FUNDS		128.079	46	128.125	110.247	35	110.282
6.1.Borrower funds				0			0
6.2.Other		128.079	46	128.125	110.247	35	110.282
VII. MISCELLANEOUS PAYABLES		2.096	407	2.503	2.702	84	2.786
VIII. OTHER EXTERNAL RESOURCES	(4)	5.053	3.221	8.274	3.824	171	3.995
IX. FACTORING PAYABLES				0			0
X. LEASING TRANSACTONS PAYABLES	(5)	0	0	0	0	0	0
10.1.Finance leasing payables				0			0
10.2.Operational leasing payables				0			0
10.3.Other				0			0
10.4.Deferred finance leasing expenses (-)				0			0
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING	(6)	0	0	0	0	0	0
11.1.Fair value hedges				0			0
11.2.Cash flow hedges				0			0
11.3.Hedges for investments made in foreign countries				0			0
XII. PROVISIONS	(7)	20.097	0	20.097	16.670	0	16.670
12.1.General provisions		4.551		4.551	1.800		1.800
12.2.Restrukturing reserves				0			0
12.3.Reserves for employee benefit		15.488		15.488	14.737		14.737
12.4.Insurance technical reserves (Net)				0			0
12.5.Other provisions		58		58	133		133
XIII. LIABILITIES FOR TAX	(8)	11.204	0	11.204	11.835	0	11.835
13.1.Current - Liabilities for tax		11.204		11.204	11.835		11.835
13.2.Deferred - Liabilities for tax				0			0
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS	(9)	0	0	0	0	0	0
14.1.Held for sale purpose				0			0
14.2.Held from terminated operations				0			0
XV. SUBORDINATED LOANS	(10)			0			0
XVI. SHAREHOLDERS' EQUITY	(11)	485.283	0	485.283	458.161	0	458.161
16.1.Paid-in capital		160.000		160.000	160.000		160.000
16.2.Supplementary capital		211.809	0	211.809	212.532	0	212.532
16.2.1.Share premium		1.491		1.491	1.491		1.491
16.2.2.Share cancellation profits				0			0
16.2.3.Valuation changes of marketable securities		4.067		4.067	4.618		4.618
16.2.4.Revaluation changes of property and equipment				0			0
16.2.5.Revaluation changes of intangible assets				0			0
16.2.6.Revaluation changes of real estates for investment purpose				0			0
16.2.7.Free shares from investment and associates, subsidiaries and joint ventures (business partners)		468		468	468		468
16.2.8.Hedging funds (Active part)				0			0
16.2.9.Value increase in property and equipment held for sale purpose and held from terminated operations		205.783		205.783	205.955		205.955
16.2.10.Other capital reserves				0			0
16.3.Profit reserves		75.993	0	75.993	42.370	0	42.370
16.3.1.Legal reserves		24.973		24.973	22.054		22.054
16.3.2.Status reserves				0			0
16.3.3.Extraordinary reserves		51.020		51.020	20.356		20.356
16.3.4.Other profit reserves				0	-40		-40
16.4. Profit or loss		37.481	0	37.481	43.259	0	43.259
16.4.1.Prior year income/loss				0	-77		-77
16.4.2.Current year income/loss		37.481		37.481	43.336		43.336
16.5.Minority share	(12)			0			0
TOTAL LIABILITIES		662.466	369.502	1.031.968	614.427	211.102	825.529

Consolidated off Balance Sheet Commitments

Appendix: 1-B

Thousand New Turkish Lira							
	Disc.	Current Period (31.12.2008)			Prior Period (31.12.2007)		
		TC	FC	Total	TC	FC	Total
A. OFF BALANCE SHEET COMMITMENTS	(1), (3)	50.494	220.943	271.437	151	18.233	18.384
I. GUARANTEES AND WARRANTIES		80	4.222	4.302	151	1.181	1.332
1.1.Letters of guarantee		80	0	80	151	0	151
1.1.1.Guantees subject to State Tender Law				0			0
1.1.2.Guarantees given for foreign trade operations				0			0
1.1.3.Other letters of guarantee		80		80	151		151
1.2.Bank acceptances		0	0	0	0	0	0
1.2.1.Import letter of acceptance				0			0
1.2.2.Other bank acceptances				0			0
1.3.Letters of credit		0	4.222	4.222	0	1.181	1.181
1.3.1.Documentary letters of credit				0			0
1.3.2.Other letters of credit			4.222	4.222		1.181	1.181
1.4.Prefinancing given as guarantee				0			0
1.5.Endorsements		0	0	0	0	0	0
1.5.1.Endorsements to the Central Bank of Turkey				0			0
1.5.2.Other endorsements				0			0
1.6.Securities issue purchase guarantees				0			0
1.7.Factoring guarantees				0			0
1.8.Other guarantees				0			0
1.9.Other warranties				0			0
II. COMMITMENTS	(1), (3)	50.414	216.721	267.135	0	17.052	17.052
2.1.Irevocable commitments		0	20.426	20.426	0	17.052	17.052
2.1.1.Asset purchase and sales commitments				0			0
2.1.2.Deposit purchase and sales commitments				0			0
2.1.3.Share capital commitment to associates and subsidiaries			20.426	20.426		17.052	17.052
2.1.4.Loan granting commitments				0			0
2.1.5.Securities issue brokerage commitments				0			0
2.1.6.Commitments for reserve deposit requirements				0			0
2.1.7.Payment commitments for checks				0			0
2.1.8.Tax and fund liabilities from export commitments				0			0
2.1.9.Commitments for credit card expenditure limits				0			0
2.1.10.Commitments for credit cards and banking services promotions				0			0
2.1.11.Receivables from short sale commitments				0			0
2.1.12.Payables for short sale commitments				0			0
2.1.13.Other irrevocable commitments				0			0
2.2.Revocable commitments		50.414	196.295	246.709	0	0	0
2.2.1.Revocable loan granting commitments		50.414	196.295	246.709			0
2.2.2.Other revocable commitments				0			0
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	0	0	0	0	0	0
3.1.Derivative financial instruments held for hedging		0	0	0	0	0	0
3.1.1.Fair value hedges				0			0
3.1.2.Cash flow hedges				0			0
3.1.3.Hedges for investments made in foreign countries				0			0
3.2.Trading transactions		0	0	0	0	0	0
3.2.1.Forward foreign currency buy/sell transactions		0	0	0	0	0	0
3.2.1.1.Forward foreign currency transactions-buy				0			0
3.2.1.2.Forward foreign currency transactions-sell				0			0
3.2.2.Swap transactions related to foreign currency and interest rates		0	0	0	0	0	0
3.2.2.1.Foreign currency swap-buy				0			0
3.2.2.2.Foreign currency swap-sell				0			0
3.2.2.3.Interest rate swaps-buy				0			0
3.2.2.4.Interest rate swaps-sell				0			0
3.2.3.Foreign currency, interest rate and security options		0	0	0	0	0	0
3.2.3.1.Foreign currency options-buy				0			0
3.2.3.2.Foreign currency options-sell				0			0
3.2.3.3.Interest rate options-buy				0			0
3.2.3.4.Interest rate options-sell				0			0
3.2.3.5.Securities options-buy				0			0
3.2.3.6.Securities options-sell				0			0
3.2.4.Foreign currency futures		0	0	0	0	0	0
3.2.4.1.Foreign currency futures-buy				0			0
3.2.4.2.Foreign currency futures-sell				0			0
3.2.5.Interest rate futures		0	0	0	0	0	0
3.2.5.1.Interest rate futures-buy				0			0
3.2.5.2.Interest rate futures-sell				0			0
3.2.6.Other				0			0
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.913.707	2.958.838	5.872.545	2.573.808	1.995.577	4.569.385
IV. ITEMS HELD IN CUSTODY		15.713	410	16.123	15.514	345	15.859
4.1.Assets under management				0			0
4.2.Investment securities held in custody		15.713		15.713	15.513		15.513
4.3.Checks received for collection				0	1		1
4.4.Commercial notes received for collection				0			0
4.5.Other assets received for collection				0			0
4.6.Assets received for public offering				0			0
4.7.Other items under custody			410	410		345	345
4.8.Custodians				0			0
V. PLEDGED ITEMS		2.897.994	2.958.428	5.856.422	2.558.294	1.995.232	4.553.526
5.1.Marketable securities				0			0
5.2.Guarantee notes		319.077	426.319	745.396	249.566	279.675	529.241
5.3.Commodity				0			0
5.4.Warranty				0			0
5.5.Immovables		2.074.592	2.210.509	4.285.101	1.915.467	1.505.870	3.421.337
5.6.Other pledged items		57.781	79.567	137.348	52.207	60.479	112.686
5.7.Pledged items-depository		446.544	242.033	688.577	341.054	149.208	490.262
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES				0			0
TOTAL OFF BALANCE SHEET COMMITMENTS		2.964.201	3.179.781	6.143.982	2.573.959	2.013.810	4.587.769

Consolidated Income Statement

Appendix: 1-C

Thousand New Turkish Lira			
INCOME AND EXPENSE ITEMS	Disc.	Current Period (01.01.2008-31.12.2008)	Prior Period (01.01.2007-31.12.2007)
I. INTEREST INCOME	(1)	108.382	102.069
1.1.Interest on loans		53.985	36.190
1.2.Interest received from reserve deposits			
1.3.Interest received from banks		7.974	7.619
1.4.Interest received from money market transactions		24.380	41.316
1.5.Interest received from marketable securities portfolio		22.035	16.894
1.5.1.Financial assets held for trading		19.092	16.827
1.5.2.Financial assets where value change is reflected to income statement			
1.5.3.Financial assets available for sale			
1.5.4.Investments held to maturity		2.943	67
1.6.Finance lease income			
1.7.Other interest income		8	50
II. INTEREST EXPENSES	(2)	24.643	17.494
2.1.Interest on deposits			
2.2.Interest on funds borrowed		16.335	11.147
2.3.Interest on money market transactions			
2.4.Interest on securities issued			
2.5.Other interest expenses		8.308	6.347
III. NET INTEREST INCOME/EXPENSES (I - II)		83.739	84.575
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		10.771	8.683
4.1.Fees and commissions received		11.578	9.676
4.1.1.Non-cash loans		14	27
4.1.2.Other		11.564	9.649
4.2.Fees and commissions paid		807	993
4.2.1.Non-cash loans		12	
4.2.2.Other		795	993
V. DIVIDEND INCOME	(3)	311	223
VI. TRADING PROFIT/LOSS (Net)	(4)	9.960	-1.579
6.1.Profit/loss on trading account securities		2.133	2.059
6.2.Foreign exchange profit/loss		7.827	-3.638
VII. OTHER OPERATING INCOME	(5)	22.389	25.661
VIII. TOTAL OPERATING INCOME/EXPENSES (III+IV+V+VI+VII)		127.170	117.563
IX. PROVISION FOR LOAN OR OTHER RECEIVABLES LOSSES (-)	(6)	29.137	12.143
X. OTHER OPERATING EXPENSES (-)	(7)	52.172	50.684
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		45.861	54.736
XII. SURPLUS WRITTEN AS GAIN AFTER MERGER			
XIII. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		906	
XIV. NET MONETARY POSITION GAIN/LOSS			
XV. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	46.767	54.736
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	-9.286	-11.265
16.1.Current tax provision		-9.731	-10.683
16.2.Deferred tax provision		445	-582
XVII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(10)	37.481	43.471
XVIII. INCOME FROM TERMINATED OPERATIONS		0	190
18.1.Property and equipment income held for sale			
18.2. Sale profits from associates, subsidiaries and joint ventures (business partners)			
18.3.Other income from terminated operations			190
XIX.EXPENSES FROM TERMINATED OPERATIONS (-)		0	325
19.1.Property and equipment expense held for sale			
19.2. Sale losses from associates, subsidiaries and joint ventures (business partners)			
19.3.Other expenses from terminated operations			325
XX. PROFIT/LOSS BEFORE TAXES FROM TERMINATED OPERATIONS (XVIII-XIX)	(8)	0	-135
XXI. PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)	(9)	0	0
21.1.Current tax provision			
21.2.Deferred tax provision			
XXII. NET PROFIT/LOSS FROM TERMINATED OPERATIONS (XX±XXI)	(10)	0	-135
XXIII. NET PROFIT/LOSSES (XVII+XXII)	(11)	37.481	43.336
23.1.Group's profit/loss			
23.2.Minority shares			
Earnings / Losses per share*		0,23425	0,27085

* Calculated according to a 1 YTL nominal valued share.

Consolidated Income Statement Accounts Booked in Shareholders` Equity

Appendix: 1-Ç

Thousand New Turkish Lira		
INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS` EQUITY	Current Period (01.01.2008-31.12.2008)	Prior Period (01.01.2007-31.12.2007)
I. FINANCIAL ASSETS AVAILABLE FOR SALE ADDED TO MARKETABLE SECURITIES VALUATION CHANGES ACCOUNT	-689	959
II. REVALUATION CHANGES OF PROPERTY AND EQUIPMENT		
III. REVALUATION CHANGES OF INTANGIBLE ASSETS		
IV. EXCHANGE RATE DIFFERENCES FOR FOREIGN CURRENCY OPERATIONS		
V. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (Active part of fair value changes)		
VI. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES FOR INVESTMENTS MADE IN FOREIGN COUNTRIES (Active part of fair value changes)		
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENTS		
VIII. OTHER INCOME/EXPENSE ACCOUNTS BOOKED IN SHAREHOLDERS` EQUITY IN ACCORDANCE WITH TMS		-50
IX. DEFERRED TAX OF VALUATION CHANGES	138	-182
X. NET INCOME/EXPENSE ACCOUNTS DIRECTLY BOOKED UNDER SHAREHOLDERS` EQUITY (I+II+...+IX)	-551	727
XI. CURRENT PROFIT/LOSSES	37.481	43.336
11.1.Net changes in fair value at securities (Transferred to profit/loss)	22.035	18.564
11.2.Part of derivative financial assets held for cash flow hedges, reclassified and shown in income statement		
11.3.Part of hedges for investments made in foreign countries, reclassified and shown in income statement		
11.4.Other	15.446	24.772
XII. TOTAL PROFIT/LOSSES BOOKED IN CURRENT PERIOD (X±XI)	36.930	44.063

Thousand New Turkish Lira

Consolidated Statement of Changes in Equity

Appendix: 1-D

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in capital	Adjustment to paid-in capital	Share premium	Share certificate cancellation profits	YLegal reserves	Status reserves	Extraordinary reserves	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)	Valuation changes of marketable securities	Revaluation changes in property and equip.and intangible assets	Free shares from shareholders	Hedging funds	Valuation change in property and equip.held for sale purposes/ terminated operat	Total SE without minority share	Minority interest	Total
PRIOR PERIOD (31.12.2007)																		
I. Balance at the beginning of the period	160.000		1.491		1.359		16.619	206.046	148.166		3.851		1			537.533		537.533
II. Adjustment in accordance with TMS 8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.Effect of adjustment																0		0
22.Effect of changes in accounting policies																0		0
III. New balance (I+II)	160.000	0	1.491	0	1.359	0	16.619	206.046	148.166	0	3.851	0	1	0	0	537.533	0	537.533
Changes within the period																		
IV. Increase or decrease generated by merger																0		0
V. Valuation changes of marketable securities								-125			767					642		642
VI. Hedging Funds (Active part)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6.1.Cash flow hedges																0		0
6.2.Hedges for investments made in foreign countries																0		0
VII. Revaluation changes of property and equipment																0		0
VIII. Revaluation changes of intangible assets																0		0
IX. Free shares from investment and associates, subsidiaries and joint ventures (business partners)													467			467		467
X. Foreign exchange differences																0		0
XI. Changes after disposal of securities																0		0
XII. Changes after reclassification of securities																0		0
XIII. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity																0		0
XIV. Increase in capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14.1. Cash																0		0
14.2. From internal resources																0		0
XV. Issuance of share certificates at end of period																0		0
XVI. Share cancellation profits																0		0
XVII. Adjustment to paid-in capital																0		0
XVIII. Other								-6								-6		-6
XIX. Net profit or losses									43.336							43.336		43.336
XX. Profit distribution	0	0	0	0	20.695	0	3.737	0	-148.243	0	0	0	0	0	0	-123.811	0	-123.811
20.1. Dividends distributed									-123.811							-123.811		-123.811
20.2. Transfers to legal reserves					20.695		3.737		-24.432							0		0
20.3. Other																0		0
Balances (III+IV+V +...+XVIII+XIX+XX)	160.000	0	1.491	0	22.054	0	20.356	205.915	43.259	0	4.618	0	468	0	0	458.161	0	458.161
CURRENT PERIOD (31.12.2008)																		
I. Balances at end of prior period	160.000		1.491		22.054		20.356	205.915		43.259	4.618		468			458.161		458.161
Changes within the period																		
II. Increase or decrease generated by merger																0		0
III. Valuation changes of marketable securities								-132			-551					-683		-683
IV. Hedging Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.1.Cash flow hedge																0		0
4.2.Hedges for investments made in foreign countries																0		0
V. Revaluation changes of property and equipment																0		0
VI. Revaluation changes of intangible assets																0		0
VII. Free shares from investment and associates, subsidiaries and joint ventures (business partners)																0		0
VIII. Foreign exchange differences																0		0
IX. Changes after disposal of securities																0		0
X. Changes after reclassification of securities																0		0
XI. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity																0		0
XII. Increase in capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1. Cash																0		0
12.2. From internal resources																0		0
XIII. Issuance of share certificates at end of period																0		0
XIV. Share cancellation profits																0		0
XV. Adjustment to paid-in capital							28									28		28
XVI. Other																0		0
XVII. Net profit or losses									37.481							37.481		37.481
XVIII. Profit distribution	0	0	0	0	2.919	0	30.636	0	-43.259	0	0	0	0	0	0	-9.704	0	-9.704
18.1.Dividends distributed									-9.833							-9.833		-9.833
18.2.Transfers to legal reserves					2.919		30.636		-33.426							129		129
18.3.Other																0		0
Closing balances (I+II+III+...+XVI+XVII+XVIII)	160.000	0	1.491	0	24.973	0	51.020	205.783	37.481	0	4.067	0	468	0	0	485.283	0	485.283

Consolidated Statement of Cash Flow

Appendix: 1-E

Thousand New Turkish Lira			
		Current Period (31.12.2008)	Prior Period (31.12.2007)
A. CASH FLOWS FROM BANKING OPERATIONS	Disc.		
1.1. Operating profit before changes in operating assets and liabilities(+)		45.783	40.695
1.1.1.Interest received (+)		69.289	96.200
1.1.2.Interest paid (-)		17.007	16.344
1.1.3.Dividend received (+)		311	223
1.1.4.Fees and commissions received (+)		11.578	9.787
1.1.5.Other income (+)		24.518	2.991
1.1.6.Collections from previously written off loans and other receivables (+)		12.482	23.880
1.1.7.Payments to personnel and service suppliers (-)		39.912	37.842
1.1.8.Taxes paid (-)		8.666	27.735
1.1.9.Other (+/-)	(1)	-6.810	-10.465
1.2. Changes in operating assets and liabilities		-22.326	-30.203
1.2.1.Net increase (decrease) in financial assets held for trading (+/-)		11.768	-5.711
1.2.2.Net increase (decrease) in financial assets where fair value change is reflected to I/S			
1.2.3.Net increase (decrease) in due from banks and other financial institutions (+/-)			
1.2.4.Net increase (decrease) decrease in loans		-203.880	66.832
1.2.5.Net increase (decrease) in other assets (+/-)		9.454	1.400
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 (+/-)		164.749	43.148
1.2.9.Net increase (decrease) in matured payables (+/-)			
1.2.10.Net increase (decrease) in other liabilities (+/-)	(1)	-4.417	-2.208
I. Net cash provided from banking operations (+/-)		23.457	10.492
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities (+/-)		-26.597	-2.337
2.1.Cash paid for purchase of investments, associates and joint ventures (business partners)		3.615	
2.2.Cash obtained from sale of subsidiaries, investand associates and joint ventures (business partners)			
2.3.Fixed assets purchases (-)		5.571	3.123
2.4.Fixed assets sales (+)		1.650	519
2.5.Cash paid for purchase of financial assets available for sale (-)			
2.6.Cash obtained from sale of financial assets available for sale (+)			267
2.7.Cash paid for purchase of investment securities (-)		19.061	
2.8.Cash obtained from sale of investment securities (+)			
2.9.Other (+/-)	(1)		
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)		-8.669	-104.502
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 (-)		9.739	104.502
3.5.Payments for finance leases (-)			
3.6.Other (+/-)	(1)	1.070	
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	7.827	-3.638
V. Net increase in cash and cash equivalents (I+II+III+IV)		-3.982	-99.985
VI. Cash and cash equivalents at beginning of the year (+)		236.214	336.199
VII. Cash and cash equivalents at end of the year (V+VI)		232.232	236.214

Profit Distribution Table

Appendix: 1-F

Thousand New Turkish Lira		
	Current Period (31.12.2008)	Prior Period (31.12.2007)
I.DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	37.481	53.687
1.2.TAXES AND DUTIES PAYABLE	9.731	10.599
1.2.1.Corporate Tax (Income tax)	9.731	10.599
1.2.2.Income withholding tax		
1.2.3.Other taxes and duties		
A. NET INCOME FOR THE YEAR (1.1-1.2)	27.750	43.088
1.3.PRIOR YEARS LOSSES (-)		
1.4.FIRST LEGAL RESERVES (-)	1.387	2.154
1.5.OTHER STATUTORY RESERVES (-)		
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	26.363	40.934
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	0	8.000
1.6.1.To owners of ordinary shares		8.000
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 (-)		1.647
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)		
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	0	187
1.9.1.To owners of ordinary shares		187
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 (-)		183
1.11.STATUTORY RESERVES (-)		30.917
1.12.GENERAL RESERVES		
1.13.OTHER RESERVES		
1.14.SPECIAL FUNDS		
II. DISTRIBUTION OF RESERVES		
2.1.APPROPRIATED RESERVES		
2.2.SECOND LEGAL RESERVES (-)		
2.3.DIVIDENDS TO SHAREHOLDERS (-)	0	0
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.DIVIDENDS TO PERSONNEL (-)		
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)		
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES*		2.693
3.2.TO OWNERS OF ORDINARY SHARES (%)		0.269
3.3.TO OWNERS OF PRIVILAGED SHARES		
3.4.TO OWNERS OF PRIVILAGED SHARES (%)		
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES*		0.051
4.2.TO OWNERS OF ORDINARY SHARES (%)		0.051
4.3.TO OWNERS OF PRIVILAGED SHARES		
4.4.TO OWNERS OF PRIVILAGED SHARES (%)		

* Calculated according to a 1 YTL nominal valued share.

Section Three Accounting Policies

I- Explanations on basis of presentation:

a. The preparation of financial statements and notes to the financial statements according to Turkish Accounting Standards and Legislation on the Accounting Applications of Banks and Procedures and Basis of Preservation of Documents:

Consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (TMS) and Turkish Financial Reporting Standards (TFRS) and appendixes and interpretations concerning those standards (all together called as "Turkish Accounting Standards" or TMS) in the context of Legislation on the Accounting Applications of Banks and Procedures and Basis of Preservation of Documents from the Legislations published on the Legal Gazette dated 1 November 2006 numbered 26333 based on the Banking Law numbered 5411. The parent company Bank keeps its records in Turkish Liras in accordance with the Banking Law, Turkish Trade Law and Turkish tax legislations.

b. Accounting policies and basis of valuation used in the preparation of financial statements:

Accounting policies and valuation basis used in the financial statements of the parent company Bank are applied according to Turkish Accounting Standards and the related legislations, bulletin and decree published by the Banking Regulation and Supervision Agency.

c. Explanations on the accounting policies used for the correct interpretation of financial statements:

Financial statements of the parent company Bank are based on historical cost principle and legal records except financial assets where fair value change is reflected to income statement, financial assets available for sale, subsidiaries quoted in a stock exchange and property held for sale.

The previous periods included in the balance sheet and off-balance sheet accounts statement, income statement, statement of changes in equity, cash flow statement and notes represent 31.12.2007.

Figures stated in the attached financial statements, notes and explanations on these statements are Thousand YTL's unless otherwise stated.

Valuation basis used in the financial statements are explained in section three.

II- Explanations on the Utilization Strategy of Financial Instruments and Explanation on Foreign Currency Transactions

The majority of the liabilities included in the balance sheet of the parent company Bank consists of the sources obtained from domestic and international markets. The majority of the sources obtained domestically consist of budget based funds and the Bank acts as an intermediary for those funds provided by the Treasury to be placed in various sectors. The sources obtained internationally consist of medium and long term loans gathered from World Bank and European Banks and Islamic Development Bank.

During the utilization of the gathered resources a care is being given to the appropriate borrowing conditions while taking the asset-liability balance into account, maturity, exchange rate and liquidity risks are trying to be avoided.

A non-speculative exchange rate position risk management is applied to limit the Bank's exchange rate risk. For that reason, during the determination of the allocation of balance sheet and non-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way. Trade placements are managed by high-profit low-risk assets by taking international and domestic economic expectations, market conditions, expectations and inclinations of loan customers, interest-liquidity, exchange rate etc. risks into account.

Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from Bank's previous experiences are based on when taking positions as well as legal limits. This way, limits are not crossed.

During foreign currency transactions, actions detailed below are taken.

a. Foreign currency monetary assets and liabilities are translated to New Turkish Lira (YTL) with the exchange rates announced by our Bank at the end of period.

b. Total amount of capitalized exchange rate differences as of balance sheet date; None.

c. **Basic principles of exchange rate risk management policy:** Decisions are made by the Assets Liabilities Management Committee that meets regularly to avoid exchange rate and parity risks in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position / Shareholders' Equity Ratio that is included in legal liabilities, and those decisions are carried out carefully. To avoid parity risk foreign exchange position is managed by taking singular and general positions.

d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit / losses are included in the related income statements.

III- Presentation of Information on Consolidated Companies:

Kalkınma Yatırım Menkul Değerler A.Ş., the subsidiary of the parent company Bank, is consolidated because it has adhered to terms mentioned on the Bulletin on the Preparation of Consolidated Financial Statements of Banks. KYMD was consolidated using the full consolidation method. Parent company Bank and consolidated subsidiary whose financial statements were consolidated with parent company Bank or reflected to financial statements according to full consolidation method is called "Group" as a whole.

1. Basis of consolidation:

The accounting policies used and basis of valuation of the Parent Company Bank are determined and applied according to the rules stated out in the Bulletin on the Preparation of Consolidated Financial Statements of Banks announced in the Legal Gazette dated 8 November 2006 numbered 26340 and Turkish Accounting Standards (TMS 27).

a) Consolidation principles of subsidiaries:

Subsidiaries are companies whose capital are directly or indirectly controlled by the Bank, which are financial companies that operate with licenses given by special laws that are settled domestically or overseas. Subsidiaries are consolidated using the full consolidation method based on the materiality principle according to their results of operations and amounts of their assets, liabilities and shareholders' equity.

Control is considered as Bank's holding majority of the capital of a legal entity directly or indirectly or holding privileged shares without having the majority of shares or having the majority of voting rights through agreements with other shareholders or having the power to appoint or dismiss the majority of Board of Directors.

According to the full consolidation method, all of the assets, liabilities, income, expenses and contra accounts of subsidiaries are added together with the Parent Company Bank's assets, liabilities, income, expenses and contra accounts (since the share of Parent Company Bank of the subsidiary is 100%, no minority's share is calculated). The book value of the investment of the Group in the subsidiary and the Group's share of subsidiary's capital are netted. The balances from intergroup transactions and unrealized profits and losses are mutually deducted.

In cases where the accounting policies of subsidiaries differ from the parent company Bank's accounting policies, the accounting policies of the subsidiaries are adjusted accordingly.

b) Accounts that are subjected to different accounting policies during the preparation of the consolidated financial statements:

Since the accounting policies are adjusted in the consolidated financial statements, there are no accounts that are subjected to different accounting policies.

IV- Explanations on derivative instruments:

The parent company Bank has no forward or swap operations as of the balance sheet date.

V- Explanations on interest income and expenses:

Interest income and expenses are reflected to the records on an accrual basis. The exchange rate differences of foreign currency based YTL loans are included in interest income and expenses. Interest accruals and discounts of loans and other receivables that are follow-up accounts according to related legislations are cancelled and those amounts are not included in the income statement unless collected.

VI - Explanations on salary and commission income and expenses:

Salary and commission income and expenses and loan amounts and commission expenses paid to other creditors, income from agreements or income due to asset purchases on behalf of third persons or legal entities are included in the income statements in the periods they occur.

VII- Explanations and notes on financial assets:

Financial assets:

Financial assets essentially make up Bank's trade operations. These instruments can bring out, affect or reduce liquidity, credit and interest risks in financial statements.

Financial assets where fair value difference is reflected to the income statement: They are grouped under two main categories. Held for trading financial assets, assets which are in principal purchased to be sold or repurchased in a short amount of time to gain profits in short term. They are marketable securities that are classified as financial assets where fair value difference is reflected to the income statement. Financial instruments consist of financial assets and financial liabilities. Financial instruments affect the liquidity, credit and market risks in the balance sheet of the parent company Bank in every aspect. The parent company Bank commits the purchases and sales of these instruments for its customers as well as its own accounts.

Regular purchases and sales of financial instruments are their purchases and sales in the context of an agreement that requires the delivery in the time period that is determined usually by legal legislations or related market practices. The changes in fair values are not accounted for financial assets that are carried with their amortized costs; the change in fair value is accounted for in the income statement for assets where the difference in fair value is reflected to the income statement and in the 'Financial Assets Revaluation Fund' account in shareholders' equity for available for sale assets. Accumulated fair value differences that mention marketable securities, reflecting to shareholders' equity when collected or sold out are reflected to income statement.

Below, the methods and assumptions that are used to determine the estimated fair value of each financial instruments have been pointed out.

Explanations on Cashes, Banks and Other Financial Enterprises

Parent company bank cash and cash substitutes: Cash money, demand deposits and having three or less than three months of maturities from the beginning of the date of trade, can be easily exchanged with money and having low risk of value change, are acquired to high liquidity, short maturity investments. These instruments book value is fair values.

Explanations on Financial Assets Where Fair Value Changes is Reflected to Income Statement and Financial Assets Available for Sale

Parent company Bank's securities accounted in this group are shown in financial statements by their costs and their fair values. Securities' fair values which are being used in the stock market are calculated by stock market prices.

Financial assets where fair value changes is reflected to income statement, the difference between cost of securities including the profits and loss and the values considering market value must be considered into interest incomes and discounts or financial assets revaluation fund. During the retention of the financial assets where fair value changes is reflected to income statement, earned interest rate devolved to interest income and the earned dividends devolved to dividend income.

Financial assets available for sale are accounted a cost containing their transaction costs at the first recordings. Interest income of financial assets available for sale with constant and changeable interests which are including to financial assets available for sale are accounted according to interest incomes bought from securities. The following evaluation of financial assets available for sale after the first record are done according to their fair values and paper profit and loss caused by differences in the fair values, implies the differences between the values of not discounted securities and the fair values of not discounted securities are presented by equity items as " Financial Assets Revaluation Fund". When financial assets available for sale are disposed off, the increase- decrease table of financial assets revaluation fund of equity, will be transferred to income table.

Explanations on Loans

Loans are financial assets that have fixed or estimated payments and are not processing in the active market.

Loans are accounted for with their acquisition costs and evaluated according to redeemed cost by using the effective interest method. Fees, transaction costs and other related expenses paid for purchasing assets as guarantee are considered as a part of transaction costs and will be reflected to the customer.

Granted loans by the Bank consists of foreign currency based loans, corporate loans, fund based loans in Turkish Currency and loans used for financing of export and investment loans for Foreign Currency.

Credits indexed to foreign currency are viewed as Turkish money (TP) by changing to Turkish money from the opening rate. Paybacks are accounted as the date of paying and the differences of rates are indicated in the income expense accounts.

Explanations on Investments Held to Maturity

Consist of financial assets: which are purchased in order to be held until maturity, where the conditions to hold those assets until maturity are present including funding capabilities, which have fixed or predictable payments and maturity dates and financial assets other than loans and receivables

There are no financial assets which were previously classified as held until maturity but cannot be classified as held until maturity due to against of classification principles.

After initial recognition, investment held to maturity are accounted with discounted value, calculated using the effective interest method, by deducting impairment from the provision if available.

Explanation on the special provisions and loans/receivables:

a. Loan portfolio is continuously monitored by the Parent Company Bank management and in the case of a possibility of doubt in their collection, they are classified according to the "Legislation on Determination of Qualities of Loans and Other Receivables by Banks and Procedures and Basis for Reservation of Provisions for Those Loans" dated 1 November 2006 numbered 26333 and other legislations, necessary provisions are reserved and those provisions are reflected to the income statement.

The collected amounts are shown under "Interest Received From Uncollectable Loans and Receivables" (including receivables from doubtful receivables) accounts.

The reversed provision is accounted for by canceling the provision amount set in the current year and recording the remaining amount as income in the collection accounts from previous year expenses.

b. In addition to the special provisions, the Bank reserves general loan provision for loans and other receivables in the context of the legislation decrees stated above. The general credit payment consists of 1% of sum of the standard monetary credit, two out of one thousand of the sum of tender guarantee, bill guarantee and atonements and noncash credits, 2% of sum of the being watched cash credits and four out of one thousand of the sum of tender guarantee, bill guarantee and atonements and noncash credits.

Investments in affiliates and subsidiaries:

Affiliates join the parent company Bank's Capital that does not have control over management and capital but have significant activity on partnership. Affiliates according to the important principle, be included the consolidation by using the equity method. For this partnership for investments of affiliates operations based on the most recent financial statements.

Equity method is an accounting method which stipulates that the book value of a share in a participation shall be increased and decreased by per capita quota of the variation amount realized in the participated association's equity capital in the respective period and dividends received from the participated association shall be deducted from thus modified value of the share capital subscription to the participation.

VIII- Explanations on impairment of financial assets:

The parent company bank sees if there is any index about the impairment of financial asset or assets. If there is any index, bank will indicate there is impairment.

In the case that the discounted values of future cash flows using the effective interest method of the assets or the fair value of the assets that are valued with their fair values are lower than their book values, they are considered to be impaired. A provision is reserved against the impairment and the provision is related to the income statement accounts.

The valuation differences of held for trading assets are included in the income statement in the related periods.

IX- Explanations on netting of financial assets:

Financial assets and liabilities are shown with their net values on the balance sheet if the parent company Bank has a legal right or power for netting and has the intention to collect/pay the related financial asset or liability over their net values or has the right to finalize the related receivables and payables at the same time.

X- Explanations on sale and repurchase agreements and lending of marketable securities:

Securities sold in repurchasing commitments (repo) are accounted in the Uniform Chart of Account's balance sheet accounts. Accordingly, the government bonds and treasury bills sold to the clients in context of the repurchase agreements are classified as "Subject to Repurchasing" and are valued by their market

prices in accordance with their holding purposes in the parent company bank portfolio or their discounted values in accordance with their internal rate of returns. Funds gained by repurchasing transactions are shown as a separate entry in the liability accounts and are accounted as rediscount for interest costs.

Securities that were purchased in back selling commitment (reverse repurchase) are shown as a item in the "Money Market" entry. Income rediscounts are calculated for the differences between the purchasing and sales prices of the portion of the securities purchased by reverse repurchases that is accrued for the period

There are no marketable securities that are subjected to lending.

XI- Explanations on assets held for sale and fixed assets from discontinued operations and liabilities from mentioned assets:

The Group does not have any assets held for sale.

XII- Explanations on goodwill and other intangible assets:

As of the balance sheet goodwill is not present on the attached consolidated financial statements.

Intangible fixed assets are amortized using the straight-line method with depreciation rates determined as 50%-33.33%-20% in accordance with their assumed useful lives.

The determination of the useful lives of the assets is made through the assessment of the expected usage period of the asset, technical, technological or other kind of depreciation and maintenance expenses needed to gain expected economic benefit from the asset.

Expenses concerning present computer software and improvement expenses are capitalized by being added to the cost of the software if they are designed to improve the original content and useful live of the software. Those capitalized expenses are amortized over the useful life of the related assets using the "Straight line method".

XIII- Explanations on tangible fixed assets:

Tangible fixed assets purchased before January 1st, 2005 are presented in the financial statement with their inflation adjusted costs as of December 31st, 2004 and items purchased after this period are shown after the accumulated depreciation and other permanent value losses are netted-off from their purchase values.

Profit and losses from the disposal of tangible fixed assets are calculated as the difference between the disposal income and net book value of the related tangible asset and included in the income statement as profit or loss.

Regular maintenance and repair expenses of tangible fixed assets are expensed in the income statement.

There are no pledges, liens or other similar encumbrances over tangible fixed assets.

Tangible fixed assets are depreciated using the normal depreciation method, and their useful lives determined in accordance with the Turkish Tax Procedure Law are considered to be acceptable, for the Group's fixed assets and these useful lives were taken into consideration.

The depreciation rates of tangible fixed assets are shown below.

Depreciation Rate (%)

	Parent Company	Subsidiary
Buildings	% 2	-
Other Tangible Assets	% 2 - % 33.33	% 5 - % 20

There are no changes in accounting estimates that have a significant effect in the current or future periods.

XIV- Explanations on lease agreements:

Lease receivables other than financial lease receivables and from the rental of assets that are no used in Banking operations but collected as of the balance sheet are included in the income statement and the uncollected amounts are under lease receivables account.

The Parent Company Bank has no financial lease agreements as "renter".

XV- Explanations on provisions and conditional liabilities:

Provisions other than the general and special provisions reserved for loans and other receivables in the parent company Bank are accounted according to "Turkish Accounting Standard For Provisions, Conditional Assets and Liabilities" (TMS 37). Provisions are reserved for liabilities caused by past events in the periods that events occurred according to the "Matching Principle".

XVI- Explanations on employee benefits:

According to present laws, termination indemnities are to be paid in the event of retirement or discharge. The parent Company Bank calculates the provision by determining the present value of the future liability due to retirement or discharge. Liabilities related to employee benefits are accounted for according to the legislations of the Turkish Accounting Standard For Employee Benefits (TMS 19).

Since the parent company Bank has no obligations due to any charities, funds or similar institutions where the workers are members, the Bank has not reserved any provision in this regards in the attached financial statements.

XVII- Explanations on tax applications:

a. Accounting principles of corporate tax:

Corporate Tax Law number 5520 has become effective after being published in the Official Gazette number 26205 dated 21 June 2006. Most of the decrees of this law are applicable from 1 January 2006. Accordingly, in Turkey as of 1 January 2006 the Corporate Tax rate is 20% for the year 2006 (2005: %30). This tax rate is applied to the taxable income calculated by adding non-deductible expenses that are not accepted by tax laws, and deducting income exempt from taxation and allowances from the net profit. Unless there is profit distribution, no other taxes are paid.

15% withholding tax is applied on profits distributed by Turkish corporate taxpayers to foreign shareholders (except to companies with a permanent office in Turkey) or to those companies that are exempted from Turkish Corporate Tax. All other dividend payments made to persons or companies are subject to 15% withholding tax. Distribution of bonus shares by capitalization of profits is not subject to withholding tax.

Companies are required to file temporary tax returns based on their quarterly results. The temporary tax rate is 20%. Temporary tax returns are filed by the 14th of the second month following each calendar quarter

and the temporary tax is paid by 17th. Temporary tax paid during the year is deducted from tax to be calculated over the corporate tax statement of the same year to be declared in the following year. In case of excess temporary tax payments, the exceeding amount can be collected in cash or can be deduct from other financial liabilities to the government.

75% of the income arising on disposal of real estates, shares, founder shares, bonus certificates and pre-emptive rights which are held in the assets of Turkish companies for at least two full years are exempt from Corporate Tax in the condition that they're kept in a special fund account.

All income from the transfer of fixed assets, participation stocks, founder shares and pre-emptive rights to banks or Savings Deposit Insurance Fund that correspond to the amount used in the liquidation of those assets that belong to firms, their guarantors and mortgage givers which are subject to legitimate proceedings due to their debts to banks or Savings Deposit Insurance Fund, and 75% income from the sale of those mentioned assets are exempt from corporate tax.

According to Turkish Corporation Tax Law, the losses in any period are available for deduction from future taxable profits for a maximum period of 5 years. Losses cannot be carried back for deducting against profits from previous periods.

There is no cross check application between the companies and tax authorities in terms of taxes payable. Corporate tax returns are filed until the 25th day of the fourth month following the end of accounting period and taxes are paid until end of the fourth month. Authorities entitled to perform tax inspection may examine the returns and the accounting records for a period of five years and if an assessment is made, the computed tax amounts may change.

Necessary provisions are reserved for the liabilities that are calculated over the Bank's trade balance profit.

As a result of the Group's operations, calculated temporary tax for the period of 01.01-2008 1.12.2008, is declared in the context of temporary tax returns and was paid to the Tax Department on February 17th, 2009.

b. Explanations on deferred taxes:

The Group calculates deferred tax for taxable temporary differences arise from the book value and taxable value of an asset or liability according to the "Turkish Accounting Standard For Income Taxes" (TMS 12) and reflects to its records. During the calculation of deferred tax, the legal tax rates in effect at the date of financial statements according to present tax laws are used.

While the deferred tax liability is calculated for all taxable temporary differences, deferred tax assets are only calculated if there is a high possibility to use those differences in case of future profits.

Calculated deferred tax assets and deferred tax liabilities are netted in financial statements.

XVIII- Additional explanations on borrowings:

The parent company Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. With this goal, the Bank acts as an intermediary funds provided by the Treasury to utilize various Budget based funds domestically. Completed transfers are recorded to the resource accounts of the Bank. The maturity dates and interest rates of those funds are determined by the public authority by Investment Incentive legislations.

The present foreign resources that the parent company acquired are medium-long term type of loans from World Bank, various European Banks and Islamic Development Bank and they are recorded to the Banks accounts at the date of acquisition and acquisition value.

The parent company Bank generally prefers providing loans in parallel in terms of maturity date, interest rate, interest type and currency type with the loans acquired to avoid exchange rate and liquidity risks.

The parent company does not possess any issued notes or liability instruments which are convertible to share certificates.

XIX- Explanations on share certificates and their issuance:

Expenses related to the issuance of share certificates are not deducted from the emission premium account under shareholders' equity.

XX- Explanations on bill guarantees and acceptances:

Bill guarantees and acceptances are shown in "Off-balance Liabilities" as Parent Company Bank's possible liability commitments

XXI- Explanations on government incentives:

The Group has not received any government incentives in the current or previous periods.

XXII- Explanations on reporting by segments:

Besides investment banking the sale and purchase of investment funds of the parent company bank, sale and purchase of government bonds and treasury bills and repurchasing transactions are conducted by the Treasury Directorate, stock sale and purchases are made as an agency of Kalkınma Yatırım Menkul Değerler A.Ş., which is a subsidiary of the parent company Bank.

	Investment Banking	Treasury Operations	The Subsidiary	Total
Net Interest Income	60.485	21.550	1.704	83.739
Capital Market Operations	-	1.027	1.106	2.133
Other Income	46.086	-	55	46.141
Other Expenses	(82.471)	-	(2.775)	(85.246)
Profit Before Taxes	-	-	-	46.767
Tax Provision	-	-	-	(9.286)
Net Profit				37.481

XXIII- Explanations on other issues:

None

Section Four Information on Financial Structure

I - Explanations on Consolidated Standard Capital Adequacy Ratio:

The standard capital adequacy ratio of the Group (including market risk) is 79,80%. This ratio is well over the minimum ratio of 8% stated in the related legislations.

Standard Capital Adequacy Ratio is calculated by subjecting the risk weighted assets and non-cash loans to the risk ratios stated in the related legislations and adding the risk exposed value determined using the standard method to the risk weighted assets.

Information related to capital adequacy ratio:

(Thousand TRY), (%)

	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Surplus credit risk weighted							
Balance sheet items (Net)	326.666	0	155.767	314.717	105.131	0	0
Cash	60						
Matured marketable securities							
Balances with the Central Bank of Turkey	7						
Domestic banks, foreign banks, branches and offices abroad			47.819				
Money market placements	170.000						
Receivables from reverse repo transactions							
Reserve deposits							
Loans	111.538		101.374	307.544	55.634		
Loans under follow-up (Net)							
Financial lease receivables					3		
Financial assets available for sale			5.727		969		
Investments held to maturity	22.322						
Receivables from sale of matured assets							
Miscellaneous receivables					609		
Interest and income accruals	6.468		847	7.173	1.583		
Investment and associates, subsidiaries, and joint ventures (business partners) (Net)					7.379		
Property and equipment					38.764		
Other assets	16.271				190		
Off balance sheet items	0	0	1	4.228	20.499	0	0
Non-cash loans and commitments			1	4.228	20.499		
Derivative financial instruments							
Not risk weighted accounts							
Total risk weighted assets	326.666	0	155.768	318.945	125.630	0	0

Information related to capital adequacy ratio:

(Thousand TRY), (%)

	Risk Weights						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Surplus credit risk weighted							
Balance sheet items (Net)	326.666	0	155.767	314.717	105.131	0	0
Cash	60						
Matured marketable securities							
Balances with the Central Bank of Turkey	7						
Domestic banks, foreign banks, branches and offices abroad			47.819				
Money market placements	170.000						
Receivables from reverse repo transactions							
Reserve deposits							
Loans	111.538		101.374	307.544	55.634		
Loans under follow-up (Net)							
Financial lease receivables					3		
Financial assets available for sale			5.727		969		
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Miscellaneous receivables					609		
Interest and income accruals	6.468		847	7.173	1.583		
Investment and associates, subsidiaries, and joint ventures (business partners) (Net)					7.379		
Property and equipment					38.764		
Other assets	16.271				190		
Off balance sheet items	0	0	1	4.228	20.499	0	0
Non-cash loans and commitments			1	4.228	20.499		
Derivative financial instruments							
Not risk weighted accounts							
Total risk weighted assets	326.666	0	155.768	318.945	125.630	0	0

Summary information about the consolidated and bank only capital adequacy ratio:

	Bank Only		Consolidated	
	Current Period (31.12.2008)	Prior Period (31.12.2007)	Current Period (31.12.2008)	Prior Period (31.12.2007)
Amount subject to credit risk (I)	316.256	229.118	320.157	234.048
Amount subject to market risk (II)	25.000	31.188	25.000	31.188
Amount subject to operational risk (III) (*)	257.937	228.567	262.088	231.924
Shareholders' equity	474.509	445.736	484.567	455.131
Shareholders' equity / (I+II+III) * 100	79,19	91,18	79,80	91,55

(*) The amount for the operational risk came into effect on 01.06.2007 in accordance with the 24th article of the "Regulation concerning the Measurement and Appraisal of Capital Adequacy of Banks" published in the November 1st 2006 dated and 26333 numbered Official Gazzette, and was calculated for the first time as of June 30th, 2007.

Information about the shareholders equity items:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
CORE CAPITAL		
Paid-in capital	160.000	160.000
Nominal capital	160.000	160.000
Capital commitments (-)		
Adjustment to paid-in capital	205.783	205.955
Share Premium	1.491	1.491
Share repeal		
Legal reserves	24.973	22.054
First legal reserve (Turkish Commercial Code 466/1)	11.507	8.771
Second legal reserve (Turkish Commercial Code 466/2)	13.466	13.283
Other legal reserve per special legislation		
Statutus reserves		
Extraordinary reserves	51.020	20.356
Reserves allocated by the General Assembly	51.020	20.356
Retained earnings		
Accumulated loss		
Foreign currency share capital exchange difference		
Adjustment to legal, status and extraordinary reserves		-40
Profit	37.481	43.336
Net Current period profit	37.481	43.336
Prior period profit		
Provisions for possible losses up to 25% of core capital		
Profit on sale of associates, subsidiaries and buildings		
Primary subordinated loans up to 15% of core capital		
Minority shares	0	0
Loss that is not covered with reserves (-)	0	77
Net current period loss		
Prior period loss		77
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)		
Goodwill (Net)		
Total Core Capital	480.748	453.075

Table continued on page 160

Information about the shareholders equity items: (Continuing)

	Current Period (31.12.2008)	Prior Period (31.12.2007)
SUPPLEMENTARY CAPITAL		
General reserves	4.551	1.800
45% of increase in revaluation fund of movables		
45% of increase in revaluation fund of fixed assets		
Free shares from investment and associates, subsidiaries and joint ventures (business partners)	468	468
Primary subordinated loans which are ignored in the calculation of core capital		
Secondary subordinated loans		
45% of marketable securities and investment securities value increase fund Associates and subsidiaries	1.830	2.078
Financial assets available for sale	1.830	2.078
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal, status and extraordinary reserves)		
Minority share		
Total Supplementary Capital (Including Minority Shares(if exists))	6.849	4.346
TIER III CAPITAL		
CAPITAL	487.597	457.421
DEDUCTIONS FROM THE CAPITAL	3.030	2.290
Leasehold improvements (-)*	3	
Prepaid expenses (-)*	1.460	1.382
Intangible assets (-)*	867	176
Deferred-assets for tax which exceeds 10% of core capital (-)*		
Partnership share on 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 equity method is applied, however, assets and liabilities are not consolidated		
Loans extended being noncompliant with articles 50 and 51 of the Law		
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange fo loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	700	732
Other		
Total Shareholders' Equity	484.567	455.131

* Will be shown under the "Deductions from the Capital" part of the table until 1.1.2009.

II- Explanations on consolidated credit risk:

The parent company Bank is not subject to the general loan restrictions defined by the 54th article of the Banking Law numbered 5411. However, in the Bank's Loan Regulation, the loan limits are determined mostly in parallel with the limitations set out in the 54th article of the Banking Law.

All the loan placements of the Bank are designed regarding to the report which has been arranged by Intelligence Unit and Loan Assessment Unit, with aporovals of Loan Investment Committee and Board of Directors in accordance with legal legislations. Since the placements of the parent company Bank are in the form of project financing, the amount of loan that can be designated to a firm is basically determined during project assessment stage and the granting of loans are made in a controlled manner and made through the monitoring of expenditures.

The sectoral distribution of the loan customers is monitored and those distributions are taken into account during placement decisions and goals.

All the loans of the parent company Bank are loans against guarantees. In that sense, liens on real estate and tangible assets, business company liens, foreign currency notes and other liquid assets, bank guarantee letters and guarantees from other persons or companies comprise loan guarantees.

a) The share of the total receivable of the Bank from its first 100 biggest cash loan customers in total cash loan receivables is 92,31%.

b) The share of the total receivable of the Bank from its first 100 biggest non-cash loan customers in total non-cash loan receivables is 100%.

c) The share of the total cash and non-cash receivable of the Bank from its first 100 biggest loan customers in total balance sheet and off-balance sheet assets is 51,6%.

d) Provision reserved for the credit risk undertaken is 4.551 Thousand YTL.

The distribution of credit risk according to the borrowers and geographical concentration:

	Loans granted to retail customers and institutions		Loans granted to banks and other financial institutions		Financial assets*		Other loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
According to tFCe of borrowers	570.263	399.501	20.000	0	141.654	121.153	0	0
Private sector	564.301	391.630			6.696	7.266		
Public sector					134.664	113.761		
Banks			20.000					
Retail customers	5.962	7.871			294	126		
Securities representing a share in capital								
According to geographical concentration	570.263	399.501	20.000	0	141.654	121.153	0	0
Domestic	570.263	399.501	20.000		141.654	121.153		
EU countries								
OECD countries ***								
Off-shore banking regions								
USA, Canada								
Other countries								

* Financial assets where fair value change is reflected to income statement + Financial assets available for sale + Financial assets held to maturity.

** Includes loans classified under Uniform Accounting Standarts -loans except in the first 3 columns- and compliant with Article 48 of the Banking Law.

*** OECD Countries other than EU countries, USA and Canada

Information according to geographical concentrations:

	Assets	Liabilities	Non-cash loans	Fixed capital expenditures	Net profit
Current period					
Domestic	949.437	322.239	4.302		44.576
European Union countries	11.636	182.458			-6.381
OECD countries *	29				
Off-shore banking regions					
USA, Canada	3.043				3
Other countries		21.891			-717
Investment and associates, subsidiaries and joint ventures (business partners)	8.285				
Unallocated assets/liabilities**	59.538	505.380			
Total	1.031.968	1.031.968	4.302	0	37.481
Prior Period					
Domestic	754.500	260.477	1.332		46.370
European union countries	4.924	82.609			-2.609
OECD countries *	40	962			-105
Off-shore banking regions					
USA, Canada	65				5
Other countries		6.650			-325
Investment and associates, subsidiaries and joint ventures (business partners)	5.311				
Unallocated assets/liabilities**	60.689	474.831		0	
Total	825.529	825.529	1.332	0	43.336

* OECD Countries other than EU countries, USA and Canada

** Unallocated assets / liabilities this could not be distributed according to a consistent principle

Sector concentrations for cash loans:

	Current period (31.12.2008)				Prior period a (31.12.2007)			
	TL	(%)	YP	(%)	TL	(%)	YP	(%)
Agricultural	5.956	2,35	4.237	1,26	3.745	2,03	0	0,00
Farming and raising livestock	5.800	2,29	4.237	1,26	3.485	1,89		0,00
Forestry	156	0,06		0,00	260	0,14		0,00
Fishing		0,00		0,00		0,00		0,00
Manufacturing	54.138	21,38	175.824	52,17	41.347	22,42	107.317	49,90
Mining		0,00		0,00		0,00		0,00
Production	52.716	20,81	100.109	29,71	40.807	22,12	70.629	32,84
Electric, gas and water	1.422	0,56	75.715	22,47	540	0,29	36.688	17,06
Construction	8.392	3,31	359	0,11	5.735	3,11		0,00
Services	175.552	69,32	155.828	46,24	125.117	67,83	107.731	50,10
Wholesale and retail trade		0,00		0,00		0,00		0,00
Hotel, food and beverage services	112.740	44,52	132.814	39,41	91.322	49,51	99.231	46,14
Transportation and telecommunication		0,00		0,00		0,00		0,00
Financial Institutions	20.000	7,90		0,00		0,00		0,00
Real estate and renting services		0,00		0,00		0,00		0,00
Self-employment services		0,00		0,00		0,00		0,00
Education services	20.069	7,92	4.301	1,28	17.083	9,26		0,00
Health and social services	22.743	8,98	18.713	5,55	16.712	9,06	8.500	3,95
Other	9.223	3,64	754	0,22	8.509	4,61		0,00
Total	253.261	100,00	337.002	100,00	184.453	100,00	215.048	100,00

III - Explanations on consolidated market risk:

Standard method which is determined as the legal reporting format is used in the calculation of the market risk by the parent company Bank. The market risk calculations made using the standard method are made monthly and the results are taken into account in the calculation of the Standard Capital Adequacy Ratio.

a) Information on Market Risk:

	Total
(I) Capital to be employed for general market risk	658
(II) Capital to be employed for specific risk	
(III) Capital to be employed for currency risk	1.342
(IV) Capital to be employed for stocks	
(V) Capital to be employed for clearing risk	
(VI) Total capital to be employed for market risk because of options	
(VII) Capital to be employed for general market risk	
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI)	2.000
(IX) Amount subject to market risk (12,5 x VIII) ya da (12,5 x VII)	25.000

b) Average market risk calculated as of the end of months in the related period:

	Current period (31.12.2008)			Prior period (31.12.2007)		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	623	721	490	703	807	546
Share risk						
Currency risk	1.559	2.058	985	2.173	2.866	1.744
Commodity risk						
Settlement risk						
Options risk						
Amount subject to total risk	2.182	2.779	1.475	2.846	3.673	2.290

IV. Explanations on consolidated operation risk:

The "Basic Indicator Method" has been used for the calculation on the operation risk of the parent company Bank. The amount Subject to Operational Risk is calculated for the year of 2008 as 262,088 thousand YTL by using the year end gross revenue of 2007. 2006 and 2005 of the Bank in accordance with the fourth chapter of the article "Amount Subject to Operational Risk" that came into force as of June 1st, 2007, from the Legislation on Measurement and Assessment of Capital Adequacy of Banks published in the Legal Gazette dated November 1st, 2006 and numbered 26333.

Basic Indicator Method

	31.12.2007	31.12.2006	31.12.2005
1 Net Interest Income	84.621	63.987	37.774
2 Net Fees And Commissions Income	8.756	7.464	6.367
3 Dividend Income	223	3.103	12.327
4 Trading Profit/Loss (Net)	-	13.581	-
5 Other Operating Income	25.732	209.721	30.896
6 Disposal profit-loss of financial assets available for sale and property and equipment held for sale purpose	127	185	2.384
7 Extraordinary income (Including subs. and affi. shares and real estate disposal)	24.315	30.895	27.305
8 Revenue indemnified from insurance	-	-	-
9 Gross Income (1+2+3+4+5-6-7-8)	94.891	266.776	57.675
10 Capital (9 x %15)	14.234	40.016	8.651
11 Average Operational risk	20.967		
12 Amount Subject to Operational Risk (11x12,5)	262.088		

V - Explanations on consolidated exchange rate risk:

Standard method determined for legal reporting is used in the calculation of the exchange rate risk faced by the parent company Bank.

In addition, the daily exchange rate risk faced by the parent company Bank can be determined by the foreign currency balance sheets that are prepared to include singular positions. Proforma foreign currency balance sheets are used in the calculation of the future possible exchange rate risk (including foreign currency based assets and liabilities).

To limit the amount of exchange risk exposed, a non-speculative foreign currency position risk management is adopted and used in the distribution of balance sheet and off-balance sheet assets according to their currencies.

Foreign Currency Buying Exchange Rates Announced by the Bank on the Balance Sheet Date and Previous 5 Working Days:

Date	USD	EURO	100 JPY
31/12/2008	1,49910 YTL	2,10580 YTL	1,65800 YTL
30/12/2008	1,49830 YTL	2,08830 YTL	1,64700 YTL
29/12/2008	1,48870 YTL	2,09430 YTL	1,64000 YTL
26/12/2008	1,49300 YTL	2,08450 YTL	1,64400 YTL
25/12/2008	1,49960 YTL	2,09670 YTL	1,65500 YTL
24/12/2008	1,49760 YTL	2,08410 YTL	1,64600 YTL

The simple arithmetic average value of the foreign currency buying exchange rates of the Bank for the previous thirty days from the date of financial statements are; USD- 1,52360 YTL, EURO- 2,03960 YTL, 100 JPY- 1.67000 YTL'dir.

Information on the exchange rate risk of the Parent Company Bank:

	EURO	USD	Yen	Other FC	Total
Current period (31.12.2008)					
Assets					
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey					0
Due from banks	39.060	3.516	47	62	42.685
Financial assets where fair value change is reflected to income statement					0
Money market placements					0
Financial assets available for sale					0
Loans	260.722	53.858	434	21.988	337.002
Investment and associates, subsidiaries and joint ventures (business partners)	632				632
Investments held to maturity					0
Derivative financial assets held for hedging					0
Property and equipment					0
Intangible assets					0
Other assets		234			234
Total assets	300.414	57.608	481	22.050	380.553
Liabilities					
Interbank deposits					0
Foreign currency deposits					0
Money market takings					0
Funds provided from other financial institutions	289.104	54.879		21.891	365.874
Marketable securities issued					0
Miscellaneous payables	332	75			407
Derivative financial liabilities held for hedging					0
Other liabilities	3.164	57			3.221
Total liabilities	292.600	55.011	0	21.891	369.502
Net on balance sheet position	7.814	2.597	481	159	11.051
Net off balance sheet position	0	0	0	0	0
Derivative financial assets					0
Derivative financial liabilities					0
Non-cash loans	4.164	58			4.222
Prior period (31.12.2007)					
Total assets	187.354	31.923	2.748	7.726	229.751
Total liabilities	177.297	26.192		7.613	211.102
Net on balance sheet position	10.057	5.731	2.748	113	18.649
Net off balance sheet position	0	0	0	0	0
Derivative financial assets					0
Derivative financial liabilities					0
Non-cash loans	718	463			1.181

VI - Explanations on consolidated interest rate risk:

Standard method determined for legal reporting is used in the calculation of the interest rate risk faced by the parent company Bank.

In addition, time left until maturity date and profit-loss effects are analyzed for the marketable security portfolio while taking into possible change scenarios account and ways to compensate possible losses due to interest fluctuations in the market by using different markets are researched.

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

Current period (31.12.2008)	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Demand	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey						85	85
Due from banks	37.072	6.312				10.757	54.141
Financial assets where fair value change is reflected to income statement	7.320	23.602	52.921	25.783			109.626
Money market placements	178.087						178.087
Financial assets available for sale	5.727					969	6.696
Loans	122.317	255.012	67.876	47.432	97.626		590.263
Investments held to maturity		2.958	10.853	11.521			25.332
Other assets						67.738	67.738
Total assets	350.523	287.884	131.650	84.736	97.626	79.549	1.031.968
Liabilities							
Interbank deposits							0
Other deposits							0
Money market takings	6.549						6.549
Miscellaneous payables						2.503	2.503
Marketable securities issued							0
Funds provided from other financial institutions	23.047	233.042	109.557	96.268	36.144		498.058
Other liabilities						524.858	524.858
Total liabilities	29.596	233.042	109.557	96.268	36.144	527.361	1.031.968
On balance sheet interest sensitivity gap-Long	320.927	54.842	22.093		61.482		459.344
On balance sheet interest sensitivity gap-Short				-11.532		-447.812	-459.344
Off balance sheet interest sensitivity gap-Long							0
Off balance sheet interest sensitivity gap-Short	-739	-404	-3.159				-4.302
Total position	320.188	54.438	18.934	-11.532	61.482	-447.812	-4.302

Average interest rates applied to monetary financial instruments: (%)

Current period (31.12.2008)	EURO	USD	Yen	YTL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey				
Due from banks	1,83			
Financial assets where fair value change is reflected to income statement				18,27
Money market placements				15,00
Financial assets available for sale				
Loans	6,59	5,26	7,00	16,10
Investments held to maturity				19,12
Liabilities				
Interbank deposits				
Other deposits				
Money market takings				
Miscellaneous payables				
Marketable securities issued				
Funds provided from other financial institutions	5,50	3,60		10,00

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

Prior period (31.12.2007)	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Demand	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	104	-	-	-	-	100	204
Due from banks	134.418	-				4.417	138.835
Financial assets where fair value change is reflected to income statement	4.266	5.209	80.898	20.252	-	-	110.625
Money market placements	97.403	-	-	-	-	-	97.403
Financial assets available for sale	6.278	-	92.740	14.125	94.004	988	7.266
Loans	97.834	100.798	-	3.262	-	2.637	402.138
Investments held to maturity	-	-	-	-	-	-	3.262
Other assets	-	-	173.638	37.639	94.004	65.796	65.796
Total assets	340.303	106.007				73.938	825.529
Liabilities							
Interbank deposits	-	-	-	-	-	-	0
Other deposits	-	-	-	-	-	-	0
Money market takings	6.409	-	-	-	-	-	6.409
Miscellaneous payables	-	-	-	-	-	2.786	2.786
Marketable securities issued	-	-	95.194	-	-	-	0
Funds provided from other financial institutions	5.846	114.351	55.705	-	-	-	215.391
Other liabilities	27.014	27.876	150.899	-	-	490.348	600.943
Total liabilities	39.269	142.227				493.134	825.529
On balance sheet interest sensitivity gap-Long	301.034	-	-	-	-	-	455.416
On balance sheet interest sensitivity gap-Short	-	(36.220)	-	-	-	(419.196)	(455.416)
Off balance sheet interest sensitivity gap-Long	-	-	-	-	-	-	0
Off balance sheet interest sensitivity gap-Short	(1.332)	-	22.739	37.639	94.004	-	(1.332)
Total position	299.702	(36.220)				(419.196)	(1.332)

Average interest rates applied to monetary financial instruments: (%)

Prior period (31.12.2007)	EURO	USD	Yen	YTL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-		-	-
Due from banks	4,24	4,60	-	16,48
Financial assets where fair value change is reflected to income statement	-	-	-	16,28
Money market placements	-	-	-	15,75
Financial assets available for sale	-	-	-	-
Loans	6,56	7,14	6,49	13,94
Investments held to maturity	-	-	-	17,29
Liabilities				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market takings	-	-	-	-
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	5,00	6,01	-	10,00

VII - Explanations on consolidated liquidity risk:

The liquidity risk management of the parent company Bank which does not accept any savings due to being a development and investment bank therefore is not exposed to any savings based liquidity risk caused by market fluctuations is performed by proforma cash flow statements prepared for longer periods as well as daily and weekly liquidity management. Those statements are used to determine the liquidity need in future periods and/or liquidity needs in extraordinary situations (if present), alternative liquidity sources that can be utilized and placement areas.

During the prediction of possible cash flows in future period projections, different scenarios are used to calculate possible liquidity risks which the parent company Bank can be exposed with certain probabilities.

Although the basic resource of the parent company Bank to cover TC and FC liquidity needs is auto financing, funds can be obtained from TCMB interbank market, domestic and foreign banks and repo agreements when needed.

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Undistri buted*	Total
Current period (31.12.2008)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	85							85
Due from banks	10.757	37.072	6.312					54.141
Financial assets where fair value change is reflected to income statement		7.320	23.602	52.921	25.783			109.626
Money market placements		178.087						178.087
Marketable securities available for sale	969	5.727						6.696
Loans		8.163	22.438	86.542	408.957	64.163		590.263
Investments held to maturity			2.958	10.853	11.521			25.332
Other assets							67.738	67.738
Total assets	11.811	236.369	55.310	150.316	446.261	64.163	67.738	1.031.968
Liabilities								
Interbank deposits								0
Other deposits								0
Funds provided from other financial instruments		5.754	10.950	32.553	239.779	209.022		498.058
Money market takings		6.549						6.549
Marketable securities issued								0
Miscellaneous payables	2.503							2.503
Other liabilities		1.411					523.447	524.858
Total liabilities	2.503	13.714	10.950	32.553	239.779	209.022	523.447	1.031.968
Liquidity gap	9.308	222.655	44.360	117.763	206.482	-144.859	-455.709	0
Prior period (31.12.2007)								
Total assets	11.783	241.321	29.305	153.362	292.374	28.951	68.433	825.529
Total liabilities	2.786	9.172	6.623	14.223	191.831	110.546	490.348	825.529
Liquidity gap	8.997	232.149	22.682	139.139	100.543	-81.595	-421.915	0

(*) Other assets accounts which compose the balance sheet like fixed assets, investments and subsidiaries, office supplies, deferred expenses and followed up claims necessary for banking operations and non-current assets are shown in this section.

VIII. Explanations on fincial assets and liabilities with their fair value presantion:

From the investments of the parent company Bank's subsidiary, those which are quoted to the stock market are valued with their weighted average prices at the date of the balance sheet regulated by the Standart for Accounting of Financial Instruments. The other investments, which are not quoted to the stock market are subjected to impairment test

The table below shows the assets and liabilities on the parent company Bank's financial statements with their fair value after adding the total rediscount amount of the period to their book value and carried cost

Sector concentrations for cash loans:

	Book value		Fair value	
	Current period (31.12.2008)	Prior period (31.12.2007)	Current period (31.12.2008)	Prior period (31.12.2007)
Financial assets	937.300	705.400	964.145	648.904
Money market placements	178.016	97.366	178.087	97.403
Due from banks	54.125	138.643	54.141	138.835
Financial assets available for sale	105.554	15.132	116.322	7.266
Investments held to maturity	22.322	3.195	25.332	3.262
Loans	577.283	451.064	590.263	402.138
Financial liabilities	499.474	330.069	507.110	334.868
Interbank deposits				
Other deposits				
Funds provided from other financial institutions	496.971	327.334	504.607	332.082
Marketable securities issued				
Miscellaneous payables	2.503	2.735	2.503	2.786

IX. Explanations on the transactions made to other parties or their accounts and transactions based on trust:

Purchases and sales of marketable securities and storage transactions services are given by the parent company Bank for other parties and their accounts. Management and consultancy concerning capital market operations are not given by the parent company Bank in compliance to the Capital Market Law. The parent company Bank also operates tourism and substructure investments in the name of the Ministry of Culture and Tourism.

By the subsidiary of the parent company Bank operations in the context of; purchase-sale brokerage, public offering brokerage, repo and reverse repo purchase-sale, investment consultancy, portfolio management, marketable securities by credits, short selling and borrowing and lending of marketable securities, purchase-sale brokerage of derivative instruments are done through necessary licenses.

There are no transactions made based on trust by the parent company Bank.

Section Five

Explanations and Notes to the Consolidated Financial Statements

I- Explanations and notes to the assets of the consolidated balance sheet:

1. a) Cash and balances with the Central Bank:

	Current period (31.12.2008)		Prior period (31.12.2007)	
	TC	FC	TC	FC
Cash and foreign currency	78		100	
Central Bank	7		104	
Other				
Total	85	0	204	0

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

	Current period (31.12.2008)		Prior period (31.12.2007)	
	TP	YP	TP	YP
Demand unrestricted amount	7		104	
Time unrestricted amount				
Time restricted amount				
Total	7	0	104	0

2. a) Financial assets where the difference in fair value is reflected to the income statement that are subjected to repo agreements or blocked / given as guarantees:

	Current period (31.12.2008)		Prior period (31.12.2007)	
	TP	YP	TP	YP
Share certificates		-		-
Bonds, notes and other mark. Sec.	77.514	-	87.419	-
Other		-		-
Total	77.514	0	87.419	0

2.b) Positive differences table for derivative financial assets held for trading

The parent company Bank does not possess any held for trading derivative financial assets.

3. a) Information about banks:

	Current period (31.12.2008)		Prior period (31.12.2007)	
	TC	FC	TC	FC
Banks				
Domestic banks	11.456	27.977	124.338	9.468
Foreign banks		14.708		5.029
Branches and offices abroad				
Total	11.456	42.685	124.338	14.497

3. b) Information on foreign bank account:

	Unrestricted amount		Restricted amount	
	Current period (31.12.2008)	Prior period (31.12.2007)	Current period (31.12.2008)	Prior period (31.12.2007)
European Union countries	2.144	227	9.687	4.697
USA and Canada	2.848	65		
OECD Countries*		40		
Off-shore banking regions				
Other	29			
Total	5.021	332	9.687	4.697

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

4.a) Available for sale assets that are subjected to repo agreements or blocked / given as guarantees:

None.

4. b) Information on financial assets available for sale:

	Current period (31.12.2008)	Prior period (31.12.2007)
Debt securities	5.727	6.278
Quoted in a stock exchange	5.727	6.278
Not quoted		
Share certificates	13.473	13.473
Quoted in a stock exchange		
Not quoted	13.473	13.473
Impairment provision (-)	12.504	12.485
Total	6.696	7.266

5. Explanations on loans:

5. a) Information on all of loans and advances given to shareholders and employees of the bank:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	Cash loans	Non-cash loans	Cash loans	Non-cash loans
Direct loans granted to shareholders	0	0	0	0
Corporate shareholders				
Real person shareholders				
Indirect Loans granted to shareholders				
Loans granted to employees	4.769		3.743	
Total	4.769	0	3.743	0

5. b) Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

	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	334.503	4.602	4.146	266
Discount notes				
Export loans	22.283			
Import loans				
Loans given to financial sector	20.000			
International loans				
Consumer loans	4.769			
Credit cards				
Precious metals loans (Gold , etc...)				
Other	287.451	4.602	4.146	266
Specialized lending	234.945		7.430	3.178
Other receivables	1.193			
Total	570.641	4.602	11.576	3.444

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	24.770	0	0	0
Non-specialized loans	22.161			
Specialized loans	880			
Other receivables	1.729			
Medium and long term loans and other receivables	545.871	4.602	11.576	3.444
Non-specialized loans	307.038	4.602	4.146	266
Specialized loans	234.064		7.430	3.178
Other receivables	4.769			

5. ç) Information on consumer loans, individual credit cards, personnel loans and credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TC	0	0	0
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	-	-	0
Other	-	-	0
Consumer loans- Indexed to FC	0	0	0
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	-	-	0
Other	-	-	0
Consumer loans- FC	0	0	0
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	-	-	0
Other	-	-	0
Individual credit cards-TC	0	0	0
Installment	-	-	0
Non-Installment	-	-	0
Individual credit cards-FC	0	0	0
Installment	-	-	0
Non-Installment	-	-	0
Personnel loans-TC	0	4.769	4.769
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	0	4.769	4.769
Other	-	-	0
Personnel loans-Indexed to FC	0	0	0
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	-	-	0
Other	-	-	0
Personnel loans-FC	0	0	0
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	-	-	0
Other	-	-	0
Personnel credit cards-TC	0	0	0
Installment	-	-	0
Non-Installment	-	-	0
Personnel credit cards-FC	0	0	0
Installment	-	-	0
Non-Installment	-	-	0
Overdraft accounts-TC (Retail customer)	-	-	0
Overdraft accounts-FC (Retail customer)	-	-	0
Total	0	4.769	4.769

5. d) Information on Commercial Installment Loans and Corporate Credit Cards:

As of the balance sheet date the Bank has not granted any trade or corporate credit cards that can be paid by installments

5. e) Loans according to the of borrowers:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Public		
Private	590.263	399.501
Total	590.263	399.501

5. f) International and domestic loans:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Domestic loans	590.263	399.501
Foreign loans		
Total	590.263	399.501

5. g) Loans granted to subsidiaries and investments:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Direct loans granted to subsidiaries and investments	1.656	8.477
Indirect loans granted to subsidiaries and investments	33	
Total	1.689	8.477

5. ğ) Specific provisions provided against loans:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Loans and receivables with limited collectibility	10.556	2.446
Loans and receivables with doubtful collectibility	8.104	2.600
Uncollectible loans and receivables	46.281	51.169
Total	64.941	56.215

5.h) Information on loans under follow-up account (Net):

5. h.1) Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period	282	3.097	811
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables	282	3.097	811
Prior period	134	602	12.496
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables	134	602	12.496

5. h.2) Information on movements of loans under follow-up:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior period end balance	4.981	2.685	51.186
Additions (+)	10.405	8.322	19.329
Transfers from other categories of loans under follow-up (+)	1	5.134	2.052
Transfers to other categories of loans under follow-up (-)	4.742	6.945	3.655
Collections (-)	89	934	22.631
Write-offs (-)	0	158	0
Commercial and corporate loans			
Individual loans			
Credit cards			
Other		158	
Current period end balance	10.556	8.104	46.281
Specific provision (-)	10.556	8.104	46.281
Net Balance on balance sheet	0	0	0

5. h.3) Information on foreign currency loans and other receivables under follow-up:

The parent company Bank, in accordance with the regulation concerning "From Uncollectable Receivables, Fees, Commissions and Receivables with Doubtful Collectibility, Uncollectible Loans and Receivables" on the third section of "Bulletin on the Turkish Uniform Chart of Accounts and Explanation" translates the foreign exchange loans to Turkish Currency with the exchange rate of the day that these are transferred to the followed up loans account and are followed in these amounts.

5.h.4) Information on gross and net loans under follow-up according to borrowers:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period (Net) (31.12.2008)	0	0	0
Loans granted to real persons and legal entities (Gross)	10.556	8.104	46.281
Specific provision (-)	10.556	8.104	46.281
Loans granted to real persons and legal entities (Net)	0	0	0
Banks (Gross)			
Specific provision (-)			
Banks (Net)	0	0	0
Other loans and receivables (Gross)			
Specific provision (-)			
Other loans and receivables (Net)	0	0	0
Prior period (Net) (31.12.2007)	2.535	85	17
Loans granted to real persons and legal entities (Gross)	4.981	2.442	51.186
Specific provision (-)	2.446	2.357	51.169
Loans granted to real persons and legal entities (Net)	2.535	85	17
Banks (Gross)			
Specific provision (-)			
Banks (Net)	0	0	0
Other loans and receivables (Gross)		243	
Specific provision (-)		243	
Other loans and receivables (Net)	0	0	0

5.i) The Main Outline for the Liquidation Policy for Credits Rated as Loss and Other Receivables:

In case the guarantee factors stated in the 9th Article of the "Legislation on Determination of Qualities of Loans and Other Receivables by Banks and Procedures and Basis for Reservation of Provisions for Those Loans" are present, then the liquidation of the receivable is realized as soon as possible as a result of administrative and legal undertakings. In case the guarantee factor is not present and even though an evidence of insolvency is acquired for the debtor, a legal follow up is initiated with intensive intelligence actions in order to find out subsequently-acquired property. Before and after legal action follow ups; as a result of the examinations of the financial information of the company undertaken by the Bank, in case a company is believed to be able to survive and in case it is believed that the reinstitution of the company shall benefit the economy, then the receivable is tried to be obtained with an agreement.

5.ii) Explanation on policy of derecognition disposable from financial statements:

Uncollectible loans or receivables are derecognized from financial statements on the state after the date when provisions rate of these loans and receivables reach 100% and are deemed impossible to collect in accordance with a convincing document or a court order by board of director minutes.

6. Information on investments held to maturity:

6.a) Comparative net value of investments held to maturity which are subject to repurchase transactions, given as guarantees and which are in blockage:

None.

The total of the money that has been given as guarantee is 25.332 Thousand YTL

6. b) Public sector debt securities held to maturity:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Government bonds	25.332	3.262
Treasury bills		
Other public sector debt securities		
Total	25.332	3.262

6.c) Information on investments held to maturity:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Debt securities	25.332	3.262
Quoted in a stock exchange	25.332	3.262
Not quoted		
Impairment provision (-)		
Total	25.332	3.262

6. ç) The movement of investments held to maturity:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Beginning balance	3.262	
Foreign currency differences on monetary assets		
Purchases during year	22.070	3.262
Disposals through sales and redemptions		
Impairment provision (-)		
Period end balance	25.332	3.262

7. Information on Affiliates (Net):

7.a.1) Reasons for not consolidating qualifying Affiliates:

Teşebbüs Destekleme A.Ş. and Türsan A.Ş. are not included in the consolidation due to the fact that they are inactive. İstanbul Risk Sermaye Girişimi be established in the foreign country and did not begin to operate as active and so haven't got a balance sheet, could not be included in the consolidated balance sheet.

7. a.2) Information on affiliates that are not consolidated:

Description	Address (City / Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
1 TEŞEBBÜS DESTEKLEME AJANSI (*)	ANKARA	20,00	20,00
2 TÜRSAN (**)	MARDİN	17,84	17,84
3 İSTANBUL RİSK SERMAYE GİRİŞİMİ	LÜXEMBURG	6,00	6,00

(*) The company is inactive. The Bank has no other initiative over the company except partnership.

(**)The company is inactive.

7.b) Information on consolidated affiliates:

Maksan A.Ş., Emiray A.Ş.ile Türk Suudi Holding A.Ş. accounted with equity method and shown in the financial statements.

8. Information on subsidiaries (Net):

8.a) Information on subsidiaries that are not consolidated:

Description	Address (City / Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
1 ACISELSAN	DENİZLİ	76,83	76,83
2 ARİCAK	İSTANBUL	99,28	99,28

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1	2.600	425	1.267	2		85	174	
2	11.476	9.790	10.908	4		110	106	

Note: 31.12.2008 information

8.b.1) Information on consolidated subsidiaries:

Description	Address (City / Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
1 Kalkınma Yatırım Menkul Değerler A.Ş.	İSTANBUL	100,00	100,00

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable ecurities portfolio	Current period rofit/loss	Prior period profit/loss	Fair value
1	16.279	9.207	354	373	485	-104	248	

Note: 31.12.2008 information

8.b.2) Information on consolidated subsidiaries:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Balance at the beginning of the period	9.311	9.069
Movements in period	-324	242
Purchases		
Free shares obtained profit from current years share		
Dividends from current year income		
Sales		
Revaluation increase	-324	242
Impairment provision		
Balance at the end of the period	8.987	9.311
Capital commitments		
Share percentage at the end of the period (%)	100,00	100,00

8.b.3) Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial subsidiaries	8.987	9.311

8.b.4) Consolidated subsidiaries which are quoted to a stock exchange:

None.

9. Information on jointly controlled companies:

As of the balance sheet date the parent company Bank does not have any jointly controlled companies.

10. Information on lease receivables (Net):

The parent company Bank does not have any financial lease operations. The Bank has an operating lease receivable of 3Thousand YTL.

11. Information on hedge instruments:

None.

12. Information on tangible fixed assets :

	Real Estate	Leased Tangible Assets	Motor Vehicle	Other Tangible Fixed Assets	Total
Balance at the beginning of the period:					
Cost	128.791		279	4.400	133.470
Accumulated Depreciation (-)	18.445		279	2.373	21.097
Impairment Provisions	72.096				72.096
Net Book Value	38.250	0	0	2.027	40.277
Balance at the end of current period:					0
Net Book Value at the beginning of the period	38.250	0	0	2.027	40.277
Purchases	0			1.618	1.618
Disposed	1.102		0	538	1.640
Deleted From Impairment Provision	2.386				2.386
Impairment Provisions	85				85
Current Period Depreciation (-)	2.456		0	725	3.181
Desprections of investment securities which is disposed because of receivables	125		0	0	125
Deleted from the Depreciation of investment securities which is disposed (-)	30			538	568
Cost at the end of the period	57.894	0	279	5.480	63.653
Accumulated depreciation at the end of per. (-)	20.996	0	279	2.560	23.835
Closing Net Book Value	36.898	0	0	2.920	39.818

13. Information on intangible assets:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	Gross book value	Accumulated Depreciation	Gross book value	Accumulated Depreciation
Software	1.360	493	291	115

14. Explanations on real estate held for investment:

None.

15. Explanations on deferred tax asset:

Due to the accounting policies and valuation principals applied at the parent company Bank financial statements and the "timing differences" between the tax legislations the amount of deferred tax assets of 8.523 Thousand YTL was netted-off from the 71 Thousand YTL deferred tax liability of the consolidated subsidiary and was reflected in the financial statements as 8.452 Thousand YTL.

16. Explanations on Fixed Assets Held For Sale and Discontinued Operations:

None

17. Information on other assets:

The total of other assets is 2.483 Thousand YTL comprising of 35 Thousand YTL of office supplies, 1.666 Thousand YTL of temporary loan accounts, 779 Thousand YTL sundry receivables and 3 YTL special costs.

a) If the other assets are greater than 10% of balance sheet total excluding off-balance sheet commitments, names and amounts of subaccounts that form at least 20% of other assets:

Other assets are not greater than 10% of balance sheet total.

II- Explanations and Notes to the Liability Accounts of the Consolidated Balance Sheet

1. Information on the maturity structure of savings and collected funds:

The Group does not accept any savings and does not collect any funds.

2. Information on held for trading derivative liabilities:

2.a) Table of negative differences concerning held for trading derivative liabilities:

None.

3. Information on received loans:

3. a) Information about funds borrowed:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Funds borrowed from the Central Bank of Turkey				
Domestic banks and institutions	4.105	159.882	4.579	120.591
Foreign banks, institutions and funds		205.946		90.221
Total	4.105	365.828	4.579	210.812

3. b) Maturity structure of funds borrowed:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TP	YP	TP	YP
Short-term	4.105	21.200	4.579	16.492
Medium and long-term		344.628		194.320
Total	4.105	365.828	4.579	210.812

3.c) Additional explanations concerning the concentrated areas of Bank liabilities:

Parent Company Bank is not allowed to collect any savings and the liabilities included in the consolidated financial statements consist of funds, middle and long term loans from domestic and international institutions.

Most of the loans from international sources are from European Investment Bank and European Commission Development Bank. Domestic loans are from Eximbank and Undersecretariat of Treasury.

Almost all of the domestic funds amounting up to 128.125 YTL are from Undersecretariat of Treasury. The risk of the Cyprus Bank's credit used amounting up to 113.832 YTL does not belong to the Bank.

4. If the Other Liabilities Account Exceeds 10% of the Total of Balance Sheet, Names and Amounts of Sub-accounts That Form at Least 20% of Other Liabilities:

None.

5. Information on lease liabilities (Net):

None.

6. Information on hedge liabilities:

None.

7. Explanations on provisions:

7.a) Information on general provisions:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
General provisions	4.551	1.800
Provisions for first group loans and receivables	2.389	1.671
Provisions for second group loans and receivables	1.955	41
Provisions for non cash loans	8	1
Others	199	87

7.b) Provisions for principal foreign exchange losses foreign currency loans and receivables from financial leasing contracts:

None

7.c) Special provisions for non-cash loans which are non-reimbursed and converted to cash

None.

7.d) Other Provisions:

The Group calculated and reflected the provisions for termination indemnities in accordance with the 19th Turkish Accounting Standart to the financial statements.

As of December 31st, 2008, the amount of Group's provisions for termination indemnities is 15.488 Thousand YTL (31.12.2007: 14.737 Thousand YTL).

The amount of lawsuit provision is 58 Thousand YTL excluding the provisions for the Group employee's rights and general loan provisions.

8. Information on liabilities for tax:

8.a) Current tax liabilities:

8.a.1) Explanations on provision for taxes:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TP	YP	TP	YP
Corporate Tax and Deferred Tax				
Corporate Tax Payable	9.731	-	10.683	-
Deferred Tax Liability	-	-	-	-
Total	9.731	0	10.683	0

8.a.2) Information on taxes payable:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Corporate taxes payable	9.731	10.683
Taxation of securities	77	152
Property tax	1	1
Banking Insurance Transaction Tax (BITT)	531	103
Foreign exchange legislation tax		
Value added tax payable	1	6
Other	635	631
Total	10.976	11.576

8.a.3) Information on premiums:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Social security premiums-Employee	78	99
Social security premiums-Employer	133	139
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	6	7
Unemployment insurance-Employer	11	14
Other		
Total	228	259

The current tax liability of 11.204 Thousand YTL in the balance sheet is the sum of amounts included in notes (8.a.2) and (8.a.3).

9. Explanation on liabilities for property and equipment held for sale purposes and held from discontinued operations

Group does not have any liabilities from property and equipment held for sale purposes and held from discontinued operations.

10. Explanations on number, maturity date, interest rate of the capital like loans acquired by the Bank, the company that provided the loan, the option to convert to share certificates:

None.

11. Information on shareholders' equity:

11.a) Paid-in capital:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Common stock	160.000	160.000
Preferred stock	-	-

11.b) Paid-in capital, explanations on if the recorded capital is applied in the Bank and the capital ceiling if recorded capital is applied:

Capital System	Paid-in Capital	Ceiling
Recorded Capital	160.000	500.000

11.c) Capital increases in current period and their sources and other information on the increased capital share:

There has been no capital increase in the current period.

11.ç) Information on the capital reserves added to capital in the current period:

None.

11.d) Capital commitments until the last financial year and the end of the following period, the general purpose of those commitments and possible sources for those commitments:

There have been no capital commitments.

11.e) The previous period indicators concerning the revenue, profitability and liquidity of the Bank, and the projected effects of foresights based on the uncertainty of these indicators:

The previous period revenues, profitability and liquidity of the Bank and the projections of future periods are followed by the Directorate of Strategic Planning and Quality Management. It is estimated that the Bank will retain its rate of increase of equities and will not experience any difficulties for capital sufficiency based on the current economic conditions in the country and the foresights concerning revenue, profitability and liquidity.

11.f) Summarized information on the privileged shares representing the capital:

The Bank has no privileged shares.

11.g) Information on Financial Assets Revaluation Fund:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TP	YP	TP	YP
From investment and associates, subsidiaries and joint ventures (business partners)				
Revaluation difference	4.067		4.618	
Foreign exchange difference				
Total	4.067	0	4.618	0

12. Explanations on minority's share:

There is no minority's share in the attached consolidated financial statements.

III. Explanations and Notes to the Consolidated Off-Balance Sheet Accounts

1. Explanation on the Off-Balance Sheet Liabilities:

1.a) Type and amount of irrevocable loan commitments:

None.

1.b) Type and amount of possible losses and commitments caused by off-balance sheet accounts including the ones below:

None.

1.b.1) Guarantees, bank bill guarantees and holdings and guarantees that represent financial guarantees and non-cash loans including other letters of credit:

As of 31.12.2008 Group's letters of credit commitments are 4.222Thousand YTL.

1.b.2) Absolute guarantees, temporary guarantees, bill guarantees and similar operations:

Parent Company Bank's Turkish Currency guarantee letters amount up to 80Thousand YTL.

1.c.1) Non-cash loans:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Guarantees given against cash loans	-	-
With maturity of 1 year or less than 1 year		
With maturity of more than 1 year		
Other non-cash loans	4.302	1.332
Total	4.302	1.332

1.c.2) Sectoral risk concentrations of non-cash loans:

	Current Period (31.12.2008)				Prior Period (31.12.2007)			
	TC	(%)	FC	(%)	TC	(%)	FC	(%)
Agricultural	2	2,50	0	0,00	2	1,32	0	0,00
Farming and raising livestock	2	2,50		0,00	2	1,32		0,00
Forestry	0	0,00		0,00		0,00		0,00
Fishing		0,00		0,00		0,00		0,00
Manufacturing	42	52,50	3.818	90,43	112	74,17	1.181	100,00
Mining		0,00		0,00		0,00		0,00
Production	42	52,50	3.760	89,06	112	74,17	1.181	100,00
Electric, gas and water		0,00	58	1,37	0	0,00	0	0,00
Construction	1	1,25		0,00	2	1,32		0,00
Services	35	43,75	404	9,57	35	23,18	0	0,00
Wholesale and retail trade		0,00		0,00		0,00		0,00
Hotel, food and beverage services		0,00		0,00	1	0,66		0,00
Transportation and telecommunication		0,00		0,00		0,00		0,00
Financial Institutions	35	43,75		0,00	34	22,52		0,00
Real estate and renting services		0,00		0,00		0,00		0,00
Self-employment services		0,00		0,00		0,00		0,00
Education services		0,00	404	9,57		0,00		0,00
Health and social services		0,00		0,00		0,00		0,00
Other		0,00		0,00		0,00		0,00
Total	80	100,00	4.222	100,00	151	100,00	1.181	100,00

1.c.3) Information about the 1st and 2nd group non-cash loans and other receivables including those that have been restructured or rescheduled:

	I st Group - Standart loans and other receivables		II nd Group - Loans and other receivables under close follow-up	
	TC	FC	TC	FC
Non-cash loans	80	4.222	0	0
Letters of guarantee	80			
Bank acceptances				
Letters of credit		4.222		
Endorsements				
Underwriting commitments				
Factoring commitments				
Other commitments and contingencies				

2. Explanations on derivatives:

None.

3. Explanations on conditional assets and liabilities:

The parent company Bank pledged to purchase a 10 Million EURO nominal value portion "Group A" stocks of the Istanbul Venture Capital Initiative (IVCI-A Luxembourg Investment Company Fund), which is a joint stock company established in compliance with the Luxembourg Legal Legislations and has a 150 Million EURO pledged capital, and pledges to pay the aforementioned amount on a date to be specified in accordance with the fund's investment plan.

Participation of the Bank has been approved by the board of directors of the aforementioned company on 13.11.2007 and a share purchase agreement has been signed on that date.

300.000 EURO has been paid on 07.11.2008

4. Explanations on Services Given to Other Parties of Their Accounts:

Purchases and sales of marketable securities and storage transactions services are given by the parent company Bank for other parties and their accounts. Utilizing the licences obtained by the subsidiary of the parent company Bank from Capital Markets Board, operations in the context of purchase-sale brokerage, public offering brokerage, repurchasing and reverse repurchasing, purchase-sale, investment consultancy, portfolio management, marketable securities by credits, short selling and borrowing and lending of marketable securities, purchase-sale brokerage of derivative instruments are carried out by the subsidiary.

IV- Explanations and notes to the consolidated income statement:

1.a) Information about interest income received from loans:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TP	YP	TP	YP
Interest on loans (*)	44.415	18.935	31.247	13.021
Short term loans	841	1.188	3.009	625
Medium and long term loans	31.092	17.747	20.908	12.396
Interest on loans under follow-up	12.482		7.330	
Premiums received from resource utilization support fund				

(*) Includes fees and commissions received from cash-loans.

1.b) Information on interest received from banks:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
From The Central Bank of Turkey				
From domestic banks	7.085	565	6.703	339
From foreign banks		324		577
From branches and offices abroad				
Total	7.085	889	6.703	916

1. c) Information on interest received from marketable securities portfolio:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Financial assets held for trading	19.092		16.827	
Financial assets where fair value change is reflected to income statement				
Financial assets available for sale				
Investments held to maturity	2.943		67	
Total	22.035	0	16.894	0

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

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Interests received from associates and subsidiaries	77	23

2.a) Information on interest payable to funds borrowed:

	Current Period (31.12.2008)		Prior Period (31.12.2007)	
	TC	FC	TC	FC
Banks	647	8.975	689	5.643
The Central Bank of Turkey				
Domestic banks	647	1.388	689	1.858
Foreign banks		7.587		3.785
Branches and offices abroad				
Other institutions	1.165	6.116	1.118	4.432
Total	1.812	15.091	1.807	10.075

* Includes fees and commissions payable to cash-loans.

2.b) Information on interest expense payable to associates and subsidiaries:

None.

2.c) Information on interest on securities issued:

The Group has not issued any securities.

3. Information on dividend income:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Financial assets held for trading		
Financial assets where fair value change is reflected to income statement		
Financial assets available for sale	97	81
Other	214	142
Total	311	223

4. Net trading income/loss:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Income	13.094	3.738
Profit on trading account securities	2.133	2.059
Derivative financial transactions		
Other	2.133	2.059
Foreign exchange gains	10.961	1.679
Loss (-)	3.134	5.317
Losses on trading account securities	0	0
Derivative financial transactions		
Other		
Foreign exchange losses	3.134	5.317

5. Information on other operating income:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Income arising from sale of assets	582	786
Reversed provision	14.450	23.534
Other	7.357	1.341
Total	22.389	25.661

6. a) Provision expenses of banks loans and other receivables losses:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Specific provisions for loans and other receivables	25.984	11.065
III. Group	10.543	642
IV. Group	8.092	1.791
V. Group	7.349	8.632
General provision expenses	2.751	480
Provision expenses for possible losses		
Marketable securities impairment expense	19	1
Financial assets where fair value change is reflected to income statement		
Investment securities available for sale	19	1
Impairment expense related to associates, subsidiaries and investment securities held to maturity	383	597
Investment and associates	383	597
Subsidiaries		
Joint ventures (business partners)		
Investment securities held to maturity		
Other		
Total	29.137	12.143

7. a) Information related to other operational expenses:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Personnel expenses	38.702	36.840
Reserve for employee termination benefits	1.681	2.878
Bank social aid fund deficit provision		
Fixed assets impairment exepense		
Depreciation expenses of fixed assets	3.182	2.871
Intangible assets impairment expense		
Goodwill impairment expense		
Amortization expenses of intangible assets	377	
Shares (capital method applied) impairment expense		
Impairment expense for investment securities that will be disposed	85	85
Amortization expenses of investment securities that will be disposed	125	87
Impairment expenses for property and equipment held for sale purpose and discontinued operations		
Other operating expenses	5.460	6.005
Operational leasing expenses	44	38
Maintenance expenses	598	753
Advertisement expenses	61	95
Other expenses	4.757	5.119
Loss on sales of assets		11
Other	2.560	1.907
Total	52.172	50.684

8. Explanations on profit/loss before taxes from continuing operations and discontinued:

As of 2008, Group's profit before taxes from continuing operations is 46.767 Thousand YTL. The Parent company Bank has no terminated operations in 2008.

9. Explanations on tax provision from continuing operations and discontinued operations:

Current tax expenses calculated from continuing operations of the Group is 9.731Thousand YTL. Deferred tax income is 445 Thousand YTL.

9.a) Calculated current tax income-loss or deferred tax income-loss:

For the 01.01.2008-31.12.2008 period, 1.418 Thousand YTL deferred tax expenses accrued and 1.863 Thousand YTL deferred tax income accrued to the Group.

9.b) Deferred tax income or expenses caused by temporary differences:

At the end of the 01.01.2008-31.12.2008 period a total of 1.863 Thousand YTL tax income accrued in comparison to the 445 Thousand YTL deferred tax incomes accruing after netting-off from the 1.418 thousand YTL tax expense for the Group.

9.c) Deferred tax income or expense reflected to the income statement due to temporary differences, financial loss and tax deduction or exception:

As a result of deduction of the tax income and expenses added and subtracted to the deferred tax assets, 445Thousand YTL is reflected to the income statement. A net balance of 445 Thousand YTL reflected to the income statement has resulted as income due to the temporary difference financial loss and tax deduction and exception.

10. Net profit/losses from continuing and discontinued operations:

The Group acquired 37.481Thousand YTL net profit from their continuing operations during the 01.01.2008-31.12.2008 period.

11. Explanation on net profit/loss for the period:

11.a) If the explanation of the type, amount and rate of reoccurrence of the income and expenses from ordinary banking operations is necessary for the understanding of Bank's performance for the period, the types and amounts of those items:

None.

11.b) The effect of a change in estimate related to financial statement items on profit / loss including future effects if there is a possibility that the change will affect future periods:

Since there are no changes in accounting estimates, there are no issues that need to be explained.

12. From the other items in the income statement, if they exceed 10% of income statement total, sub-accounts that make up at least 20% of those items:

As of 31.12.2008, a portion of 7.251 Thousand YTL of the 8.308Thousand YTL Other Interest Expenses Account consists of the interest paid to KKTC (Turkish Republic of Northern Cyprus); a 4.685 Thouand YTL portion of the 11.564 Thousand YTL Other Obtained Fee and Commissions consist of Medium and Long Term Fund Based Loans and Other Receivables.

V. Explanations and Notes to the Consolidated Statement of Changes in Shareholders' Equity:

Nominal paid-in capital in the legal records of the Group is 160.000 Thousand YTL, and legal reserves amount is 24.973 Thousand YTL, extraordinary reserves amount is 51.020 Thousand YTL

In the current period, complete change in the other reserves account of the parent company Bank is due to the distribution of the 2007 profit.

The portion of 4.067 Thousand YTL the financial assets revaluation fund consists of valuation fund of financial assets available for sale.

Total amount of the bonus shares from shareholders is 468 Thousand YTL.

VI. Explanations and Notes to the Consolidated Cash Flow Statement:

Information on the cash and cash equivalents:

	Current Period (31.12.2008)	Prior Period (31.12.2007)
Cash	17.154	5.121
Cash	78	100
Demand Deposits at Banks	17.076	4.917
Cash Equivalents	215.078	231.197
Interbank Money Market	178.016	97.366
Time Deposits at Banks	37.062	133.831
Total Cash and Cash Equivalents	232.232	236.214

(*) Not includes rediscount

VII. Explanations on the Risk Group in Which the Bank is Included:

In the Bank which has no savings operations, the limitations stated in the Banking Law and internal regulations are preserved and normal customer relationships and market conditions are considered in related party transactions. The policy of keeping the bank assets and liabilities in the amount that will not be under the command of related risk group and in fair levels in total balance sheet is adopted and applications are carried out in the direction of this policy

a) Current Period:

Bank's risk group	Investment and associates, subsidiaries and joint ventures (business partners)		Direct and indirect shareholders of the Bank		Real and legal persons that have been 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	8.477	102	-	-	-	-
Balance at the end of the period	5.031	33	-	-	-	-
Interest and commission income received	77	3	-	-	-	-

b) Previous Period:

Bank's risk group	Investment and associates, subsidiaries and joint ventures (business partners)		Direct and indirect shareholders of the Bank		Real and legal persons that have been 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	952	236	-	-	-	-
Balance at the end of the period	8.477	102	-	-	-	-
Interest and commission income received	379	21	-	-	-	-

c) Information on forward and option agreements and other similar agreements made with the Bank's risk group:

None.

VIII. Explanations on the Domestic, International, Off-shore Branches or Affiliates or International Representative Offices

	Number	Number of employees	Country of incorporation	Total assets	Statutory share capital
Domestic branch	2	742			
Foreign representation	-	-	1- 2- 3-		
Foreign branch	-	-	1- 2- 3-	-	-
Off-shore banking region branches	-	-	1- 2- 3-	-	-

Section Six Other Explanations

I. Other Explanations Concerning Bank's Operations

Summarized Information on the Bank's Rating Determined by International Rating Organizations:

Bank's international ratings are determined by Fitch IBCA and summarized information on the ratings for the period ended on 31 December 2008 are given below.

Foreign Currency

Long Term	BB-
Short Term	B
Outlook	Stable

Local Currency

Long Term	BB-
Short Term	B
Outlook	Stable

National

Long term	AA+ (tur)
Outlook	Stable

Individual Rating (Individual)

D

Support Rating

3

Section Seven Independent Audit Report

I. Issues Concerning the Independent Audit Report That Need to be Explained

Consolidated financial statements dated 31 December 2008 and for the period then ended have been limited audited by Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. and the independent audit report dated 23 March 2009 and numbered 2009/10 is included at the beginning of financial statements.

II. Explanations and Notes Prepared by the Independent Auditor

None.

