



**Kalkınma**

Türkiye Kalkınma Bankası A.Ş.

# 2009 Annual Report

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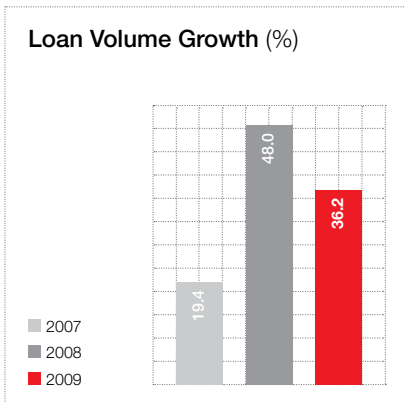
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In accordance with its mission and vision, Türkiye Kalkınma Bankası has provided major financing for fixed and working capital investments for the energy, industrial, tourism, education and healthcare sectors throughout its 35-year history. In addition to its primary function of project-based financing of investments, the Bank also conducts other banking activities to the extent allowed by legislation.

## Kalkınma through thick and thin...

Expanding its loan book by 36% in the face of a major global economic contraction in 2009, Türkiye Kalkınma Bankası demonstrated its commitment to the real sector and to the national economy while proving once again that it is a reliable strategic partner.



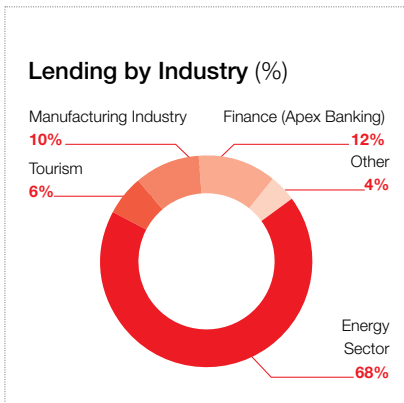
# 62%

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Loans/Total Assets Ratio in 2009 (2006: 38%)

## Kalkınma that steers change...

Increasing total lending by 50% in 2009, Türkiye Kalkınma Bankası continued its support predominantly for renewable energy investments, as well as tourism, manufacturing, finance, education and healthcare industries.



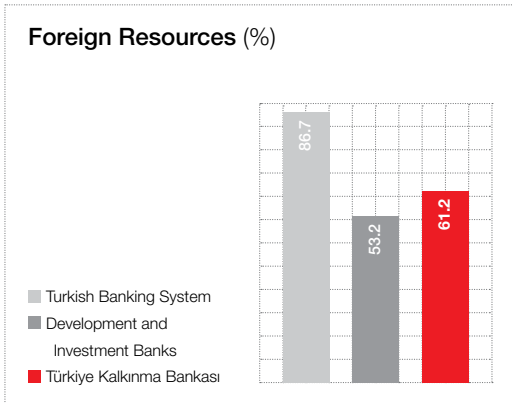
# 32%

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Share of renewable energy investment loans within  
the overall loan book

## Kalkınma that achieves and facilitates real growth...

Türkiye Kalkınma Bankası secured EUR 387.5 million from the European Investment Bank, USD 230 million from the World Bank and USD 40 million from the Islamic Development Bank in resources for funding.





# 61%

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Share of foreign resources in Kalkınma Bankası's  
total liabilities (2005: 33%)

## Sustainable Development...

Playing an active and significant role in financing environmental investments for the protection of a developed and healthy environment, Türkiye Kalkınma Bankası has also come very close to completing its TS EN ISO 14001 Environmental Management System efforts.

1

The project for generating electricity from Istanbul's landfill gas with the potential to achieve an annual reduction of **1 million tons** of carbon missions

200

**USD 200 million** renewable energy loan from the World Bank

30

**USD 30 million** energy efficiency loan from the Clean Technology Fund

41

**USD 41 million** to Karabük Demir Çelik Sanayi ve Ticaret A.Ş. for energy efficiency

# 1,003

Loans Allocated to Renewable Energy Projects  
as of April 2010 (TRY million)



Loans Allocated	TRY 1,003 million
Loans under Contract	TRY 635 million
Total Loans Disbursed	TRY 326 million
Total MW	668 MW
Number of Projects Evaluated	79
Number of Projects Financed	42
Number of Facilities in Operation	10
8 Hydroelectric Power Plants	
1 Geothermal Facility	
1 Landfill Facility	
Number of Facilities to Commence Operation by Year-End 2010	26
23 Hydroelectric Power Plants	
1 Wind Energy Facility	
1 Geothermal Facility	
1 Energy Efficiency Project	
Number of Projects under Evaluation	12
	181 MW

## Kalkınma everywhere...

Currently authorized to provide financing only to businesses organized as joint stock companies, Türkiye Kalkınma Bankası took a major step with its apex banking practice in its attempt to reach small enterprises via commercial banks.

# 100

Total foreign funding to be secured from the World Bank and used in financing SMEs via the apex banking method  
**(USD million)**

# 50

Total foreign funding secured from the Council of Europe Development Bank to be used in financing SMEs via the apex banking method **(EUR million)**

# 20

**TRY 20 million** to 273 enterprises at OSTİM-İvedik, at least 500 new jobs created

# 20

**EUR 20 million** to 32 enterprises in Eastern-Southeastern Anatolia and priority development provinces, 1,570 new jobs created

# 40

**TRY 40 million** to tourism investments in Istanbul's historic peninsula and in the Beyoğlu district

# 230

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Total funding obtained by Türkiye Kalkınma Bankası to be used in financing SMEs via the apex banking method (USD million)



The 2009 Annual Report of Türkiye Kalkınma Bankası A.Ş. has been prepared in accordance with the “Regulation on the Principles and Procedures Concerning the Preparation of the Annual Report by Banks” which was issued by the Banking Regulation and Supervision Agency (BRSA).



**Abdullah ÇELİK**  
Chairman of the Board of Directors and  
CEO



**İrfan TOKGÖZ**  
Chairman of the Audit Committee



**Özcan TENGİLİMOĞLU**  
Vice Chairman of the Audit Committee



**Adnan YALÇINCI**  
Executive Vice President  
Responsible for Financial Reporting



**Esra CEYLAN**  
Director of Budgeting and Reporting (A.)

### Compliance Opinion on the Annual Report

We have audited the financial information presented in this Annual Report of Türkiye Kalkınma Bankası A.Ş. ("the Bank") prepared as of December 31, 2009 for accuracy and compliance with the independent audit report prepared as of the last day of the reporting period. The Annual Report is the responsibility of the Bank's management. Our responsibility as the independent auditors is to express an opinion on the annual report.

The audit was conducted in accordance with the principles and procedures on preparation and issuance of annual reports set forth by the Banking Law No. 5411 and regulations in independent audit principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance on whether or not the annual report contains a material error. We believe that our audit provides a reasonable and sufficient basis for our opinion.

In our opinion, the financial information presented in the accompanying Annual Report accurately reflects, in all material respects, the information regarding the financial position of Türkiye Kalkınma Bankası A.Ş. as of December 31, 2009 in accordance with the principles and procedures set out by the regulations in force pursuant to Article 40 of the Banking Law No. 5411. It includes a summary of the Board of Directors' report and the independent auditor's report issued by us and is consistent with the information contained in the audited financial statements.

Ankara, March 29, 2010, 2010/10

**REHBER BAĞIMSIZ DENETİM VE  
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.**

A MEMBER FIRM OF INTERNATIONAL EUROGROUP CONSULT



REHBER  
CONSULTING  
REHBER BAĞIMSIZ DENETİM  
VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

**Adil ÖNER, CPA**

**Responsible Partner, Chief Auditor**

## **Corporate Profile**

Türkiye Kalkınma Bankası is Turkey's leading and pioneer development bank.

## **Mission**

**With the aim of promoting development and sustainable growth in Turkey, the mission of the Bank is**

- ➔ Supporting investments of enterprises organized as joint stock companies by providing loans secured from domestic and international sources,
  - ➔ Directly participating in leader/model enterprises,
  - ➔ Providing technical assistance to entrepreneurs,
  - ➔ Facilitating the development of capital markets
- to increase employment, income and welfare.**



## Vision

As a pioneer of development and sustainable growth, the vision of the Bank is to become an international-scale development and investment bank that

- supports investments on regional, sectoral and technological basis and finances them effectively and quickly,
- supports investors by empowering and encouraging them as well as by providing them with technical assistance.

## As a development and investment bank, Türkiye Kalkınma Bankası

- provides funding support to environmental investments,
- making sure that industrial, tourism and renewable energy investments, as well as energy efficiency investments, are environmentally-friendly ventures
- to further contribute to environmental policies, which are an integral element of sustainable development.

## Summary Financial Indicators

Despite all the negative impacts of global economic conditions on the balance sheet items, the Bank had a net annual profit of TRY 25.5 million in 2009.

### Key Financial Indicators (TRY thousand)

	2008	2009
Loans (net)	589,070	802,324
Total Assets	1,023,870	1,287,044
Bank Borrowings	498,334	747,015
Shareholders' Equity	484,158	499,028
Total Income	152,987	121,076
Total Expenditures	107,114	89,629
Provision for Taxes	9,194	5,868
Net Profit for the Period	36,679	25,579

### Key Ratios (%)

	2008	2009
Loans / Total Assets	57.5	62.3
Shareholders' Equity / Total Assets	47.3	38.8
Return on Equity (ROE)	7.6	5.1
Return on Assets (ROA)	3.6	2.0
Capital Adequacy Ratio	79.2	70.0

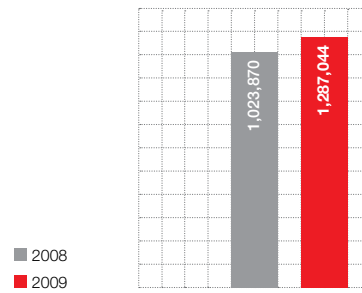
### Capital and Shareholding Structure

Shareholder	Share Capital	Share (%)
Undersecretariat of Treasury	158,530,452.32	99.08
Other*	1,469,547.68	0.92
Total	160,000,000.00	100.00

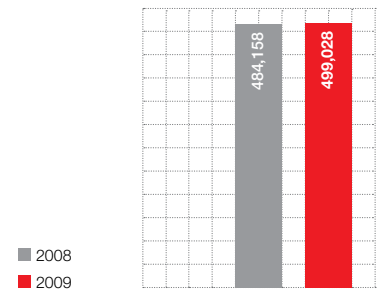
The Chairman, Board of Directors, Statutory Auditors and Executive Vice Presidents are not shareholders of the Bank.

\* Since this figure includes all real persons and legal entities and these shares are traded on the Istanbul Stock Exchange, the number of shareholders is unknown.

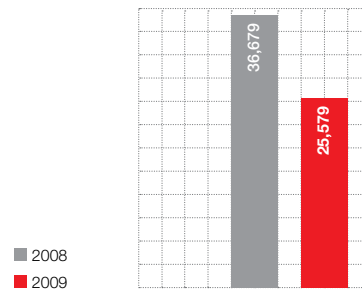
#### Total Assets (TRY thousand)



#### Shareholders' Equity (TRY thousand)



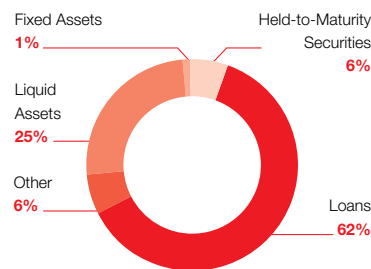
#### Net Profit for the Period (TRY thousand)



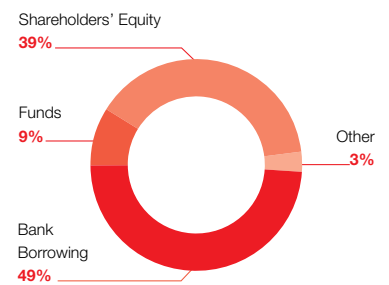
**62.3**

Türkiye Kalkınma Bankası  
Loans / Total Assets  
(2008: 57.5% - 2009: 62.3%)

#### Composition of Assets (%)



#### Composition of Liabilities (%)



## Türkiye Kalkınma Bankası in Brief

Since its establishment, Türkiye Kalkınma Bankası has assumed a significant mission in Turkey's development.

Since its establishment, Türkiye Kalkınma Bankası has assumed a significant mission in Turkey's development. The Bank was founded pursuant to Statutory Decree No. 13 dated November 27, 1975 issued under the authority granted by Empowering Act No. 1877 as a legal entity organized as a joint stock company and a development and investment bank subject to the provisions of private law under the title of Devlet Sanayi ve İşçi Yatırım Bankası (DESİYAB) A.Ş. (State Industry and Labor Investment Bank).

Reorganized in terms of both structure and activities in 1983, the Bank was renamed "Türkiye Kalkınma Bankası A.Ş." on July 15, 1988; it was authorized to finance industries outside of the industrial sector as well.

Pursuant to a High Planning Council resolution dated January 20, 1989, T.C. Turizm Bankası A.Ş. (Tourism Bank of Turkey) was taken over by Türkiye Kalkınma Bankası with all of its assets and liabilities; consequently, the set of sectors served by the Bank was expanded to include the tourism industry as well. In 1990, some of the articles of the Bank's Articles of Association were amended.

The Bank's charter act, Law No. 4456, was passed on October 14, 1999; it was published in the Official Gazette issue No. 23849 dated October 17, 1999 and took effect on this date. Türkiye Kalkınma Bankası operates under the supervision of the Office of the Prime Ministry as a legal entity organized as a joint stock company and a development and investment bank subject to the provisions of private law, without prejudice to the provisions of its charter act.



*Aydın, Salavatlı  
Energy Plant*



*Antakya, Güntir  
Ottoman Palace*

“As Turkey's development bank, the Bank mobilized all of its resources during the global crisis and continued its dedicated and decisive support for the economy, particularly to the manufacturing, tourism, energy, education and healthcare industries.”

**Abdullah ÇELİK** Chairman and CEO







## Message from the Chairman and CEO

Total loans of Türkiye Kalkınma Bankası increased 36% as of the end of the year. The share of loans in the Bank's total assets rose from 38% in 2006 to 62% in 2009.

# 802

Türkiye Kalkınma Bankası

Loans (2008: TRY 589 million /  
2009: TRY 802 million)

While the entire world struggled with the aftermath of the global financial crisis and an economic contraction in 2009, Türkiye Kalkınma Bankası adhered strictly to its mission of development banking and continued to support the Turkish economy; in the process, the Bank exhibited a stellar performance with its operational and financial results. The Bank managed to increase its lending volume while diversifying its product and service portfolio last year.

Flashing its first warning signs in the U.S. economy in 2007 and rapidly deepening in the last quarter of 2008 to inflict the real sector as well, the global financial crisis led to a major economic contraction in the world economy in the first half of 2009. The signs of recovery emerging especially from developing countries in the second half of the year thanks to the coordinated policies implemented by governments, strengthened the expectations that we may be leaving the crisis in the rear view mirror, albeit slowly and gradually. During this process, also referred to as the "Crisis of the Century," countries are looking for ways out of the crisis while also creating the building blocks for the new global finance structure.

Thanks to the solid and strong structure put in place following the experience of and the lessons from the 2001 crisis, the Turkish banking industry proved its durability in the face of the current crisis. However, the real sector was battered by the current crisis due to shrinking demand and lack of access to capital.

As "Turkey's development bank," Türkiye Kalkınma Bankası mobilized all of its resources during the global crisis and continued its dedicated and decisive support for the economy, particularly with regard to manufacturing, tourism, energy, education and healthcare industries. Acting with a strategic approach based on turning the crisis into opportunity, Türkiye Kalkınma Bankası continued to provide financing under the most suitable terms to productive, profitable and value-creating investments that offer competitive advantages in Turkey's development process.

Its performance in 2009, when the entire world experienced a major economic slump, demonstrates that the Bank is charging ahead with full commitment and determination in line with its strategic objectives. While the total loans of the overall banking industry and the development and investment banks were up by 7% and 17%, respectively, as of year-end, Türkiye Kalkınma Bankası expanded its loan book by 36% due to its unwavering commitment to funding the real sector. The energy sector made up 32% of the Bank's loan book, while the shares of the tourism sector, manufacturing industry and apex banking stood at 29%, 21% and 7%, respectively.

The share of loans in the Bank's total assets rose from 38% in 2006 to 62% at year-end 2009. While the banking industry as a whole preferred to invest in financial assets during 2009, Türkiye Kalkınma Bankası focused on increasing its income from lending activities and support to the real sector.



# Despite the negative impact of global economic conditions on the balance sheet, the Bank had a net annual profit of TRY 25.5 million in 2009.

Türkiye Kalkınma Bankası implements its growth perspective without deviating from prudent risk policies. The Bank managed to keep the increase of non-performing loans at a relatively low level during the year. Non-performing loans grew by 56% in the overall banking industry and 62% among the development and investment banks, whereas they were up by 45% at Türkiye Kalkınma Bankası. The Bank's non-performing loan ratio declined from 48% in 1994 and 30% in 2001 to 9.93% in 2008 and 10.82% in 2009.

As a result, despite the negative impacts of the global economic situation on balance sheet items, the Bank had a net annual profit of TRY 25.5 million in 2009.

In an attempt to increase efficiency and effectiveness of the Bank, many projects undertaken by Türkiye Kalkınma Bankası put emphasis on strengthening the infrastructure. One of these projects is the apex banking initiative through which the Bank is financing SMEs via commercial banks. Conducted since 2008 by Türkiye Kalkınma Bankası, which is only authorized to lend directly to firms organized as joint stock companies pursuant to its charter act, the apex banking initiative allows the Bank to offer funding facilities to SMEs in a widely-available, rapid manner under suitable terms and interest rates through extensive branch networks of commercial banks. The Bank aims to execute its development banking functions in the apex banking business line and continue its prudent and efficient growth. The Bank also has ongoing efforts to secure resources from international financial institutions under suitable terms for its new projects under development.

Playing a steering role for the best development banking applications in Turkey, the Bank also took the lead in the establishment of the Istanbul Venture Capital Initiative (İVCİ), a joint project with the European Investment Fund with an initial capital of EUR 150 million. Expected to be a major alternative in financing the real sector, this fund made its first investment in 2009.

The Bank is also seeking to be the administrator of the European Fund for Turkey, which will be the successor to the EUR 85 million SELP II program administered by the German Development Bank (KfW). The Bank will be in charge of an international fund with the launch of this project, which is of great significance in terms of financing SMEs in regions of development.

In recent years, the Bank shifted its focus toward funding the energy sector that has a major role in the development of Turkey, currently importing nearly 60% of its energy needs. The Bank evaluated a total of 76 energy projects to date, 42 of which were allocated loans totaling TRY 967 million; TRY 635 million is under contract as commitment whereas TRY 326 million has already been disbursed.

Türkiye Kalkınma Bankası has the potential to be active not only throughout Turkey, but in a wider area as well. In this respect, the Bank has carried out advisory services in Azerbaijan and Bosnia. In addition, the Bank financially supports initiatives in the Turkish Republic of Northern Cyprus (TRNC) and provides technical support to the Development Bank of TRNC.

# 25.5

Türkiye Kalkınma Bankası  
Net Profit for the Period  
(2008: TRY 36.7 million -  
**2009: TRY 25.5 million**)



The Bank is determined to grow consistently and rapidly in Turkey and to finance the development of this region. This determination stems partly from the resources obtained from overseas financial institutions under favorable terms. While the Bank registered a 50% increase in credit facilities secured to TRY 747 million in 2009, loans secured by the banking system and development and investment banks overall were down by 6% and up by 5%, respectively.

The Bank secured EUR 387.5 million from the European Investment Bank and USD 230 million from the World Bank in sources of funding. Additionally, it signed two loan agreements with the European Investment Bank (EIB) in 2009; one for a EUR 100 million facility to be used in financing investment and working capital needs of SMEs in the education, healthcare, information technology and energy efficiency industries and the other for a EUR 150 million facility to be used in funding renewable energy, energy efficiency and environmental investments. USD 180 million in total resources from the World Bank and the Clean Technology Fund (CTF) was secured to be lent to renewable energy production facilities and energy efficiency investments. The Bank will sign a loan contract for a USD 100 million facility with the World Bank in the first half of 2010 within the scope of its apex banking initiative. The EUR 50 million loan obtained from the Council of Europe Development Bank to be lent as part of the Bank's apex banking initiative was approved in March 2010. The loan agreement is expected to be signed in very short order.

In addition, as the first bank to raise funding from the Islamic Development Bank for real sector investors in Turkey, the Bank signed a loan contract for a USD 40 million facility for financing SMEs that invest in the manufacturing industry.

Fulfilling its obligation for creating a developed country with a clean and healthy environment, the Bank places a major emphasis on financing environmental investments. The Bank was the lender to the project for generating electricity from Istanbul's landfill gas, which is the largest landfill gas to energy facility in Europe and the Middle East. This 28-MW facility will achieve an average annual reduction of one million tons of carbon emissions and has the capacity to serve the electricity needs of an average of 112,000 homes in Istanbul.

Türkiye Kalkınma Bankası is also in the final stages of its TS EN ISO 14001 Environmental Management System efforts that were initiated in 2008. Aiming to minimize resource use in all of its activities, the Bank demonstrated its environmental awareness once again with these efforts.

The primary factor for the Bank's success in 2009 is the right strategic approach and determination of the Türkiye Kalkınma Bankası management as well as its expertise in foreseeing and managing change. In 2010, when economic recovery efforts in the aftermath of the crisis will top the global agenda as well as in Turkey, Türkiye Kalkınma Bankası will continue its dedicated financing support to the highly-competitive real sector investments that will create value and employment.



**Abdullah ÇELİK**  
Chairman and CEO

# 62.3

Türkiye Kalkınma Bankası  
Loans / Total Assets

(2008: 57.5% - 2009: 62.3%)

## Economic Developments in the World and in Turkey in 2009

The developed economies are expected to register lackluster economic performance in 2010 with a growth rate of 1.25% while emerging economies will grow by 5%.

# -12.3

Global Trade Volume  
(2008: 3% - 2009: -12.3%)

### THE WORLD ECONOMY

#### A new business cycle with strengthening favorable expectations

After creating major turmoil in financial markets at the end of 2008 and a significant contraction in the global economy, the current crisis is gradually giving way to a new business cycle where signs of recovery are beginning to emerge and favorable expectations for the future have strengthened since the last quarter of 2009. Financial conditions have begun to show noticeable improvement; the first signs of economic revival are coming to light in developed and emerging economies. Thanks to forceful stimulus measures, consumer demand was supported and systemic risk uncertainty in the financial markets has been mitigated.

Central banks of most industrialized nations as well as some emerging economies implemented a series of unconventional measures throughout 2009 to improve financial conditions providing extensive liquidity support to banks as part of those efforts. In addition, since the effectiveness of the monetary policy was impaired in many countries, strong stimulus measures through fiscal policy were implemented to counter the devastating recession. Due to the capacity of the governments as well as the role of automatic stabilizers such as income taxes and transfers, a larger fiscal expansion was achieved in developed countries.

#### Expectation for 3.9% growth in the world economy

After registering a growth rate of 3% in 2008 and shrinking 0.8% in 2009 due to the global crisis, the world economy is expected to grow 3.9% in 2010. Furthermore, the advanced economies are expected to grow 2.1% in 2010 after shrinking 3.2% in 2009, while the emerging economies are anticipated to register 6% growth at the end of 2010. The U.S. economy, the leading economy in the world, is expected to show growth rates of 2.7% and 2.4% as of year-end 2010 and year-end 2011, respectively, after contracting by 2.4% in 2009. The Euro Zone, on the other hand, is expected to grow 1.0% in 2010 and 1.6% in 2011 after shrinking 3.9% in 2009. In addition, Japan and the United Kingdom are expected to register economic growth rates of 1.7% and 1.3%, respectively, as of year-end 2010.

Headline inflation hovered below zero in the developed economies beginning in May 2009 due in part to declining oil prices and consumer price index as of year-end stood at 0.1%, extremely close to the unchanged level. In 2010, inflation rate is expected to be a mild 1.3% due to the expected increases in raw material and agricultural commodity prices. Annual rate of inflation is expected to rise from -0.4% in 2009 to 1.6% in 2010 in the United States. In the Euro Zone, consumer price index is anticipated to reach -0.8% by year-end 2010, up from 0.3% as of year-end 2009. Continuing to experience deflationary pressures, Japan's consumer price index is expected decline a further 0.8% in 2010, after

registering a decline of -1.3% in 2009. Consumer price index in the United Kingdom, the major economic powerhouse of Europe outside the Euro Zone, is expected to ease slightly to 1.5% in 2010 from 2.2% in 2009.

Conversely, consumer price index in the developing and emerging economies is forecast to rise to 6.2% in 2010 and then decline to 4.6% in 2011, after finishing 2009 at 5.2%.

#### **12.3% contraction in world trade volume in 2009**

The contraction in volume of world trade for goods and services also clearly demonstrates the impact of the global crisis and recession. After expanding by merely 3% in 2008, volume of world trade in goods and services declined by 12.3% in 2009. Global trade volume is expected to increase by 5.8% in 2010 and 6.3% in 2011. The contraction in demand and production led to a major decline in imports, especially from the developed countries; exports from the industrialized nations shrank by a devastating 12.1% in 2009. Exports are expected to register an uptick of 5.9% in 2010.

Due in most part to the global crisis, prices of oil and other commodities suffered major declines in 2009. After shedding 36.1% by year-end 2009, price of oil is expected turn around and rally 22.6% in 2010. Non-oil commodity prices are expected to resume their rising trends and tack on 5.8% in 2010, after declining by 18.9% in 2009.

Unemployment rates are expected to remain elevated in many developed countries. After ending 2009 at 9.9%, the unemployment rate in the Euro Zone is expected to reach 12% in 2010; it is not anticipated to fall back below the 10% mark until 2014. In the United States, which has a more flexible labor market, the unemployment rate is anticipated to remain at 10% in 2010, after finishing 2009 also at 10% and decline to 5% by 2014. In Japan and the United Kingdom, expected rates of unemployment in 2010 will be 6.1% and 9.3%, respectively.

The combined current account deficit of developed economies in 2009 was USD 261.7 billion whereas emerging and developing economies had a combined current account surplus of USD 355.6 billion. In 2010, the combined current account deficit of the developed economies is expected to decline to USD 166.2 billion while the combined current account surplus of the emerging and developing economies surge to USD 548.1 billion.

The developed economies are expected register a lackluster economic growth performance in 2009 with an average growth rate of 1.25%. The emerging market economies, on the other hand, are anticipated to register a real GDP growth rate of 5% by year-end 2010. Favorable developments in China and India as well as in other emerging economies in Asia reinforce this expectation.

Despite all these optimistic expectations, bank lending to the private sector continues to shrink especially in the United States, Euro Zone and United Kingdom. This situation suggests that, despite the improvement in the financial markets, many households and firms in both the developed and the developing economies will continue to face major headwinds for the foreseeable future.

## **TURKISH ECONOMY**

### **Targeting 3.5% growth in 2010**

Registering an average annual growth rate of 7.2% from 2001 to 2006, the Turkish economy failed to maintain this performance and attained growth rates of 4.7% in 2007 and a mere 0.9% in 2008. The contractionary impact of the crisis on the economy continued in 2009 and the Gross Domestic Product (GDP) for the first nine months of the year shrank by 8.4% compared to the same period of the previous year. Expected to register a 6% contraction as of year-end 2009, the economy is targeted to grow 3.5% in 2010 according to the government's program.

During the first nine months of 2009, the manufacturing industry, with a 14.9% share in the GDP, suffered a loss of 12.4% in value added. The slump in the housing industry led to a 19.5% decline in the value added from the construction industry during the same period. Due to the input-output linkages of the construction sector with the rest of the economy, this situation exacerbated the magnitude of the slump in the manufacturing industry. As of the first nine months of 2009, the services industry contracted 8.6% while the agriculture sector grew 3.2%.

After expanding 6.9% in 2007, industrial production shrank 0.9% in 2008 and contracted by a further 9.6% in 2009. Surging 6.5% in October 2009 compared to the same month of the previous year, the index registered the best performance of the year in December and surged by 25.2%. Manufacturing industry capacity utilization rate increased by five percentage points between December 2008 and December 2009, from 64.7% to 69.7%. Insufficient aggregate demand tops the list of factors holding back capacity utilization.

Turkish banking industry bolstered its shareholders' equity and profitability in 2009 thanks to prudent policies. Total assets for the sector rose to TRY 833.9 billion in 2009, with a 13.8% increase over 2008.

# 833.9

Total Assets of the Banking Industry  
(2008: TRY 732.8 billion -  
2009: TRY 833.9 billion)

#### Declining inflation rate: 6.53%

Global crisis-induced aggregate demand slump and falling commodity prices led to a decline in the inflation rate. Items such as energy and processed food, whose price trends are directly tied to commodity costs, registered sharp price declines while price increases in demand-sensitive basic, staple goods and services slowed down. Despite the fact that tax increases implemented in the third quarter of 2009 in an attempt to restore public sector budget balances put upward pressure on prices, year-over-year consumer price index continued to decline. After ticking up by 8.4% in 2007 and by 10.1% in 2008, consumer price index registered an increase of 6.53% in 2009. Producer price index rose 5.93% in 2009. The inflation targets in Central Bank of Turkey's medium-term forecasts are 6.5% for 2010, 5.5% in 2011 and 5% in 2012.

#### A year of bolstered shareholders' equity and profitability in the Turkish banking industry

Turkish banking industry bolstered its shareholders' equity and profitability in 2009 thanks to prudent policies. Total assets of the sector rose to TRY 833.9 billion in 2009, with a 13.8% increase over 2008. The contraction that began in the volume of all types of loans in the last quarter of 2008 due to the global crisis gave way to growth again as of the third quarter of 2009. The loan book of the overall industry expanded 6.9% in 2009 to TRY 367.4 billion.

Due in part to the global crisis, non-performing loan ratio of the sector also ticked up by 1.6 percentage points, from 3.7% in 2008 to 5.3% in 2009. Nevertheless, especially as of the third and fourth quarters of the year, the banking sector maintained its solid standing in terms of key indicators such as capital adequacy, asset quality, profitability and funding structure. Positive developments began to come to light in the credit markets towards the last quarter of 2009 due to the ongoing interest rate cuts since November 2008 and expectations for recovery in the markets. Continuing to lower interest rates in the third and fourth quarters of 2009, the Monetary Policy Committee of the Central Bank of Turkey reiterated the need to keep interest rates low for an extended period of time citing that the global crisis is not entirely over and uncertainties remain in the economy.

Based on the most recent data from the Turkish Statistical Institute (TurkStat), Turkey's employment rate dropped slightly to 41.2% in 2009 from 41.7% in 2008 whereas unemployment rate increased from 11% to 14% over the same period. Non-agricultural unemployment rate rose from 13.6% in 2008 to 17.4% in 2009. Given the restrictive impact of idle capacity on investment and employment opportunities, an improvement is not expected in the labor market in the near future. Consequently, declining unit labor costs and lackluster domestic demand are expected to exert continued downward pressure on the inflation rate.

### Lower trade deficit and current account deficit as a result of economic contraction

Based on TurkStat data, exports declined by 22.6% to USD 102.2 billion in 2009, whereas total imports were down by 30.3% to USD 140.8 billion. Trade deficit plummeted by 45% to USD 38.6 billion in 2009 from USD 70 billion in 2008, as the contraction in imports was higher than in exports. The ratio of exports to imports increased 7.2 percentage points, from 65.4% in 2008 to 72.6% in 2009.

The Turkish economy structurally has a current account deficit and there is a strong correlation between the current deficit and growth rate. This correlation stems from the fact that, since domestic savings are small and insufficient, domestic investments are funded by overseas savings. Since Turkey is dependent on foreign sources of energy, oil and natural gas in particular, for its needs, rising energy prices increase the current account deficit. Current account deficit declined from USD 41.9 billion in 2008 to USD 13.9 billion in 2009, due in great part to the economic contraction.

Foreign direct investments and long-term capital inflows are of utmost importance for the quality of the current account deficit financing and they reduce the fragility of the economy. As a result of the global crisis, net foreign direct investment declined from USD 20 billion in 2007 to USD 15.7 billion in 2008 and further to USD 6 billion in 2009. Share of total capital inflows in current account deficit financing declined from 80% in 2008 to 45% in 2009.

### Transition to positive growth in the Turkish economy

The total debt stock of the central government stood at TRY 441.4 billion at year-end 2009. TRY 312.8 billion of this amount is denominated in Turkish lira and the remaining TRY 128.5 billion borrowing in foreign currencies. 61% of the total debt stock consists of domestic borrowing from the domestic credit market; 13.8% is comprised of domestic borrowing from the public sector while the remaining 25.2% is foreign borrowing. The central administration's budget outlays went up by 17.7% in 2009 while budget receipts rose 2.6%; as a result, the budget deficit surged 200% to TRY 52.2 billion. The budget deficit is expected to reach 6.6% of GDP in 2009, up from 1.8% in 2008.

The Turkish economy, which was impacted by the global crisis, is expected to continue to recover gradually in the period ahead and resume its positive growth trend on an annual basis in 2010. However, resource utilization in the economy and the economic indicators are expected to remain below their long-term averages a little longer.

“While total loans from the overall banking industry and development and investment banks were up by 7% and 17%, respectively, as of the year-end, Türkiye Kalkınma Bankası expanded its loan book by 36% owing to its unwavering commitment to funding the real sector.”

Abdullah ÇELİK Chairman and CEO

## Positioning in the Banking Sector

Türkiye Kalkınma Bankası A.Ş. represents a unique and an increasingly more prominent banking segment both in the overall banking industry and within the development and investment bank classification.

The objective of Türkiye Kalkınma Bankası is to:

- extend loans to enterprises organized as joint stock companies based on the criteria of profitability and productivity in order to promote Turkey's development,
- provide financing and operational support by participating in them,
- channel domestic and foreign savings into development-oriented investments,
- contribute to the development of the capital markets,
- finance domestic, foreign and international joint investments and
- perform all kinds of development and investment banking functions.

Türkiye Kalkınma Bankası is a development and investment bank organized as a joint stock company and is subject to the provisions of private law. Pursuant to Law No. 4456 organizing the Bank's structure, the three-tier shareholding structure was eliminated and the Bank switched from the nominal capital system to the registered capital system.

The Bank has a registered capital of TRY 500 million and an issued capital of TRY 160 million. 99.08% of the issued share capital is owned by the Office of the Prime Ministry, Undersecretariat of Treasury; the remaining shares are publicly held and traded on the Istanbul Stock Exchange. However, pursuant to an Assets and Liabilities Management Committee resolution dated October 26, 2009, the Bank decided to request capital infusion from the Undersecretariat of Treasury; on October 28, 2009, the Treasury was asked to increase the Bank's capital by an additional TRY 150 million, in cash, to TRY 310 million.

Türkiye Kalkınma Bankası A.Ş. represents a unique and an increasingly more prominent banking segment both in the overall organization of the banking industry and within the development and investment bank classification. While it is in the state-owned bank category based on its shareholding structure, it exists to financially support the investment and entrepreneurial potential of the private sector in all areas, led by industrial and tourism sectors.

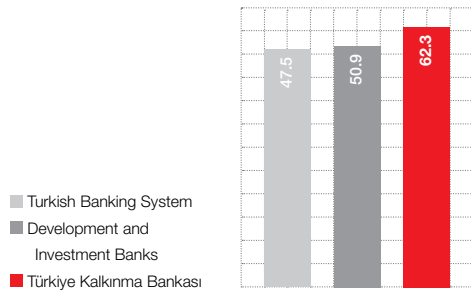
## Financial and Operational Performance

The Turkish banking system grew 13.8% in 2009 on a Turkish lira basis and achieved TRY 833,968 million (USD 560 billion) in total assets.

### Comparative Analysis of Assets (%)

Liquid Assets	2005	2006	2007	2008	2009
Turkish Banking System	36.3	34.7	32.3	23.7	31.1
Development and Investment Banks	28.1	42.3	43.0	38.6	39.9
Türkiye Kalkınma Bankası	48.3	49	41.9	32.6	25.2
Loans					
Turkish Banking System	38.6	44.4	49.4	50.6	47.5
Development and Investment Banks	60.0	47.0	47.6	51.1	50.9
Türkiye Kalkınma Bankası	40.8	37.7	48.7	57.6	62.3
Non-Performing Loans (net) / Loans					
Turkish Banking System	0.5	0.4	0.5	0.8	0.9
Development and Investment Banks	0.1	0.1	0.1	0.1	0.6
Türkiye Kalkınma Bankası	0.0	0.0	0.7	0.0	3.5
Other Assets					
Turkish Banking System	25.2	21.3	18.4	25.7	21.3
Development and Investment Banks	12.0	10.8	9.4	10.3	9.2
Türkiye Kalkınma Bankası	10.9	13.2	9.5	9.8	12.4

### Loans / Total Assets Ratio in 2009



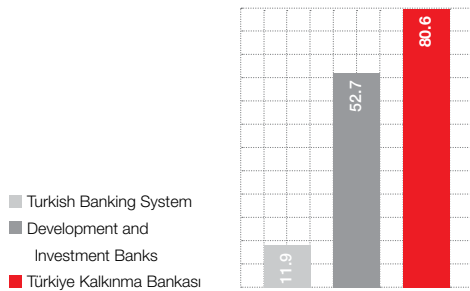
# 62.3

Türkiye Kalkınma Bankası Loans/  
Total Assets Ratio  
(2007: 48.7% - 2008: 57.6% -  
**2009: 62.3%**)



**Comparative Analysis of Liabilities (%)**

<b>Foreign Resources</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Turkish Banking System	86.5	88.1	87.0	88.2	86.7
Development and Investment Banks	51.4	50.7	52.6	53.6	53.2
Türkiye Kalkınma Bankası	33.1	39.2	44.0	52.7	61.2
<b>Deposits / Foreign Resources</b>					
Turkish Banking System	73.9	69.9	70.6	70.3	71.2
Development and Investment Banks	0.0	0.0	0.0	0.0	0.0
Türkiye Kalkınma Bankası	0.0	0.0	0.0	0.0	0.0
<b>Borrowings / Foreign Resources</b>					
Turkish Banking System	12.7	16.1	14.1	14.3	11.9
Development and Investment Banks	55.8	56.6	51.8	58.4	52.7
Türkiye Kalkınma Bankası	53.9	52.0	59.9	68.5	80.6
<b>Other Foreign Sources / Foreign Resources</b>					
Turkish Banking System	13.4	14.0	15.3	15.3	16.9
Development and Investment Banks	44.2	43.4	47.2	41.6	47.3
Türkiye Kalkınma Bankası	46.1	48.0	40.1	31.5	19.4
<b>Shareholders' Equity</b>					
Turkish Banking System	13.5	11.9	13.0	11.8	13.3
Development and Investment Banks	48.6	49.3	47.4	46.4	46.8
Türkiye Kalkınma Bankası	66.9	60.8	56.0	47.3	38.8

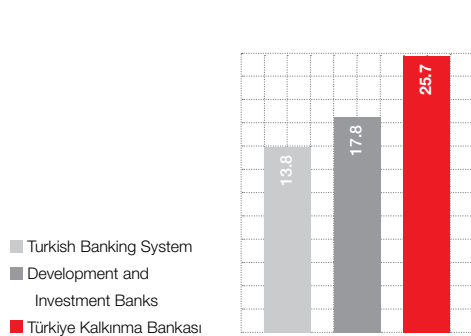
**Borrowings /  
Foreign Resources (%)****80.6**

Türkiye Kalkınma Bankası  
Borrowings /  
Foreign Resources  
(2007: 59.9% - 2008: 68.5% -  
**2009: 80.6%**)



Net Profit / Total Assets (%)	2005	2006	2007	2008	2009
Turkish Banking System	1.4	2.3	2.6	1.8	2.4
Development and Investment Banks	5.3	4.8	4.6	4.0	3.7
Türkiye Kalkınma Bankası	3.8	17.7	5.3	3.6	2.0
FC Assets / FC Liabilities (%)					
Turkish Banking System	90.4	87.7	84.3	87.0	84.5
Development and Investment Banks	96.4	94.6	80.7	80.6	87.8
Türkiye Kalkınma Bankası	144.3	117.7	108.8	102.9	101.1
Real Asset Growth (%)					
Turkish Banking System	32.8	22.8	16.4	26.0	13.8
Development and Investment Banks	13.6	19.3	23.1	21.5	17.8
Türkiye Kalkınma Bankası	33.3	28.1	(7.5)	25.2	25.7
Interest Margin (USD million)					
Turkish Banking System	13,016	15,099	22,470	20,325	28,067
Development and Investment Banks	597	689	1,001	988	1,004
Türkiye Kalkınma Bankası	26	45	72	55	41
FC Margin (USD million)					
Turkish Banking System	511	(1,201)	1,434	(1,050)	423
Development and Investment Banks	12	(92)	(33)	44	(5)
Türkiye Kalkınma Bankası	(4)	8	(3)	5	1
Total Assets (USD million)					
Turkish Banking System	282,420	355,512	501,531	481,501	560,048
Development and Investment Banks	9,154	10,918	16,290	15,076	18,160
Türkiye Kalkınma Bankası	491	632	707	683	864
Share of Total Assets (%)					
Development and Investment Banks	3.2	3.1	3.2	3.1	3.2
Türkiye Kalkınma Bankası	5.4	5.8	4.3	4.5	4.8

Real Asset Growth (%)



25.7

Türkiye Kalkınma Bankası  
Real Asset Growth  
(2007: -7.5% - 2008: 25.2% -  
2009: 25.7%)

The Turkish banking system grew 13.8% in 2009 on a Turkish lira basis and reached TRY 833,968 million (USD 560 billion) in total assets. During the same period, development and investment banks group performed in line with the banking system and registered 17.8% growth in assets. Türkiye Kalkınma Bankası attained an asset growth rate of 25.7% in 2009, larger than that of both the sector and the group. Managing to grow its total assets by an average of 25.7% over the last two years despite the crisis, faster than both the development and investment banks and the banking industry, the Bank as a result increased its market share among development and investment banks to 4.8%.

While liquid assets as a share of total assets of the banking system ticked up, share of loans, which is an indicator of functional performance, slightly went down. Türkiye Kalkınma Bankası, on the other hand, intensified its lending activities in recent years in line with its primary mission and rapidly increased the share of loans in its total assets. Raising the share of loans in its total assets to 62.3% in 2009, Türkiye Kalkınma Bankası performed better than its growth performance over the previous four years while also surpassing the 2009 performance of other groups of banks.

Türkiye Kalkınma Bankası funds its loans primarily with foreign resources. Therefore, shares of foreign resources in the Bank's liabilities rose rapidly to 61.2% in 2009 from 33.1% in 2005. As a result of the rapid increase in the share of foreign resources in liabilities, share of shareholders' equity declined at the same rate. Over the same period, composition of resources did not change significantly for development and investment banks or for the Turkish banking system in general.

Return on assets (ROA) in the Turkish banking system picked up in 2009 compared to the previous year while the ROA of the development and investment banks declined. Over this period, total assets of Türkiye Kalkınma Bankası grew as a result of the expansion in its loan book. However, due to falling interest rates, interest margin shrank and net profit and thus the return on assets dropped from 3.6% to 2%.

Despite the global economic crisis that made its presence felt especially in the first half of 2009, net profit within the Turkish banking sector for the year increased by 58%. Loans, which are the industry's main area of activity, did not register any material real growth during this period while the securities portfolio expanded by 35% during the year. Also taking into consideration the fact that the yield on the benchmark government bond shed 739 basis points in 2009, it becomes apparent that the large jump in the banking system profit was due in great part to the appreciation of the securities portfolio. Due to this effect return on assets during the same period declined at the Bank, which ramped up its lending activities, its primary function and increased the share of loans in its total assets.

Achieving a large jump in profit in 2009 thanks to the drop in the annual compound yield of government debt securities trading in the fixed-income market, the Turkish banking industry is expected to follow the strategy of increasing the share of loans in total assets in 2010 paralleling the gradual rise in interest rates. The declining interest margins recorded as of late reinforce the expectation that rate of profit growth in the sector in 2010 will fall short of the heights reached in 2009.

In light of these developments, Türkiye Kalkınma Bankası, which has been increasing the share of loans in its total assets over the last three years, is expected to perform better in the period ahead compared to its performance in 2009.

## Review of Operations in 2009

Aided also by its credit marketing activities, Türkiye Kalkınma Bankası increased its lending by 50% in 2009 and stood by investors.

### TÜRKİYE KALKINMA BANKASI IN 2009

Closely following the best models and practices in its field activity globally, Türkiye Kalkınma Bankası conducted its activities in 2009 in line with a stable and healthy growth strategy and without taking on any speculative risk.

In accordance with its mission and vision, Türkiye Kalkınma Bankası provided major financing support for the fixed and working capital investments of the energy, industrial, tourism, education and healthcare sectors throughout its 35-year history. In addition to its primary function of project-based financing of investments, the Bank also conducts other banking activities to the extent allowed by legislation.

Continuing to channel the resources it obtains from international financial institutions into eligible investments, Türkiye Kalkınma Bankası is constantly expanding the credit facilities secured within this scope with new agreements. The Bank lends out the resources it secures from the European Investment Bank, Council of Europe Development Bank, World Bank, French Development Agency, Islamic Development Bank and Eximbank on a project basis. In addition, the Bank directs the resources set aside by the Undersecretariat of Treasury for investments in the Turkish Republic of Northern Cyprus into investments made in this scope.

The Bank also supports initiatives that steer entrepreneurs towards investments that are consistent with development goals. In this respect, the Bank conducts technological, economic and social research to provide technical support to investors and drafts feasibility reports upon demand.

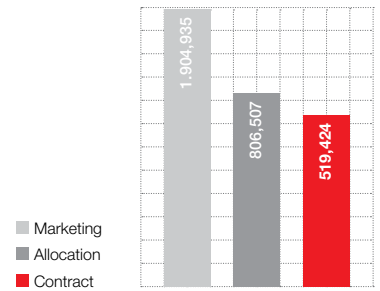
### Lending

Lending is among the most important tools utilized by Türkiye Kalkınma Bankası to fulfill the responsibilities it has assumed as part of Turkey's development efforts. The Bank's lending framework is determined by development plans, the Bank's mission and vision and annual business plans; its lending activities are focused on energy, industrial, tourism and services sectors.

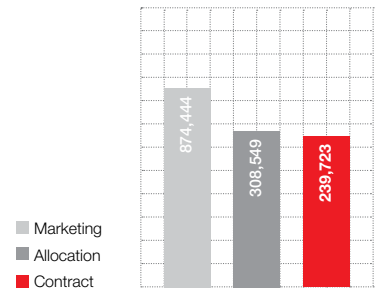
Pursuant to its Charter Act, the Bank lends only to firms organized as joint stock companies. As part of the lending process, investments are evaluated based on international criteria and standards with their technical, sector-specific and financial dimensions and a project assessment report is drafted. In addition, the Bank conducts on-site examinations and closely follows the implementation process of the investment.

Starting in 2008 as a mortgage crisis in the United States and later spreading to Europe, the global financial crisis caused a major contraction in the Turkish economy in 2009. Aided also by its credit marketing activities, Türkiye Kalkınma Bankası increased its lending by 50% and stood by investors despite the crisis.

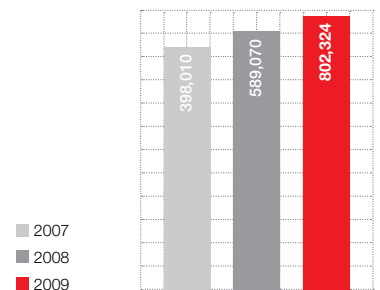
#### Credit Marketing, Allocation and Contract Activities in 2009\*



#### Credit Marketing, Allocation and Contract Activities in 2008\*



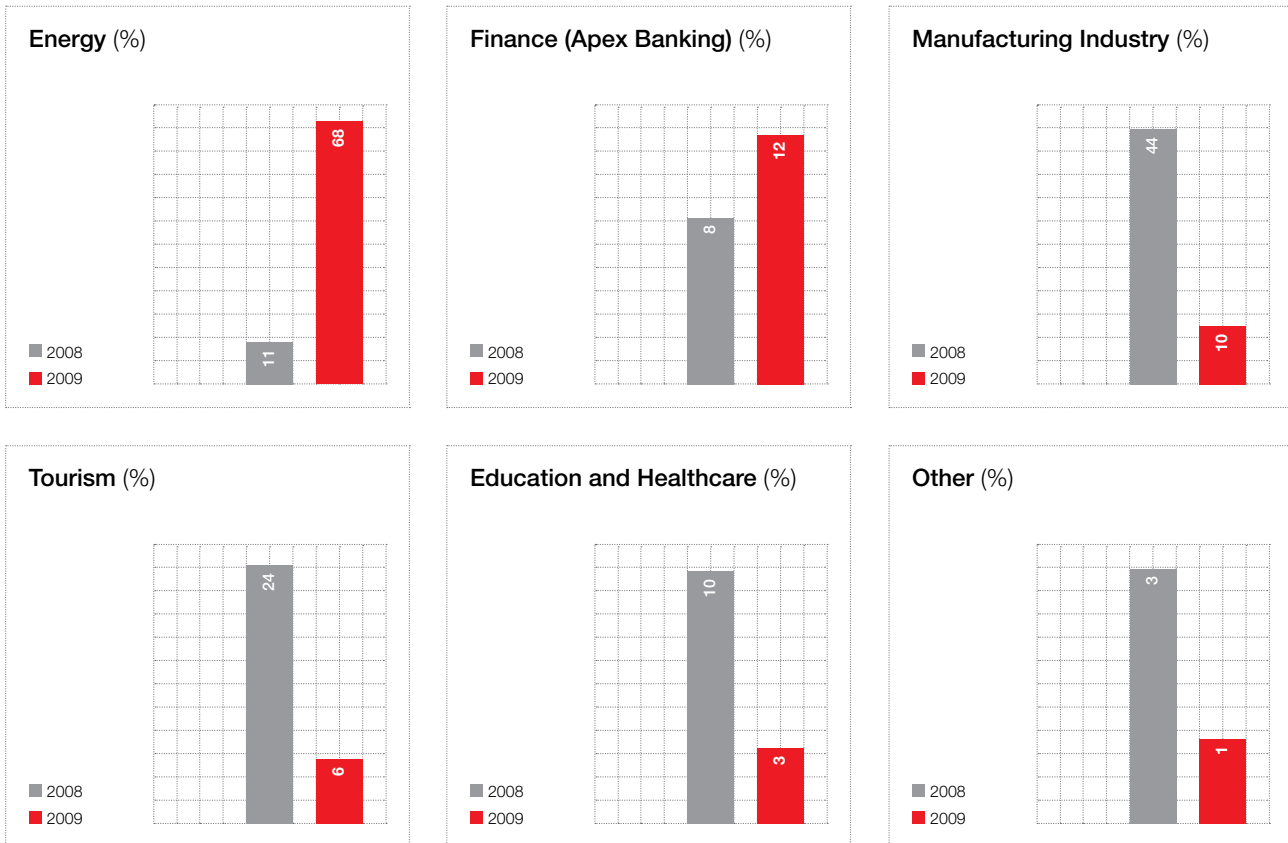
#### Loan Portfolio\*



\* TRY thousand

Türkiye Kalkınma Bankası maintained its active involvement level in resource development and lending initiatives in 2009 and continued to support the financing of projects with the resources obtained from international financial institutions.

#### LOAN PLACEMENT BY INDUSTRY



In 2009, as part of its credit marketing efforts, Türkiye Kalkınma Bankası conducted information meetings to promote its funding sources and loan products to various companies in 29 provinces and seven districts in Turkey as well as to 13 firms with investment activities in Cyprus; investors operating in the Bank's area of activity were informed. As a result of these customer-oriented efforts, the Bank received loan applications from 85 companies for a total of TRY 1,905 million.

In accord with the development goals, Türkiye Kalkınma Bankası continued to allocate and disburse loans to projects in the industrial, tourism, services and energy sectors in 2009. During this period, the Bank extended TRY 807 million in short, medium and long term loans while signing contracts for another TRY 519 million.

The Bank's loan book expanded from TRY 589 million at year-end 2008 to TRY 802 million as of year-end 2009 for a 36% increase in total loans during 2009. During this period, the loan book of the banking sector expanded by 7% while development and investment banks increased their total loans by 17%.

The Bank's lending in 2009 reached TRY 360 million, a 50% increase over TRY 240 million attained in 2008. 68% of the loans made in 2009 were extended to the energy sector, 12% to the financial industry (apex banking), 10% to the manufacturing industry, 6% to the tourism sector, 3% to education and healthcare investments and 1% to investments in other sectors.

### Apex Banking

Apex banking activities that are conducted by many development banks in the world have also become a major tool for Türkiye Kalkınma Bankası in reaching small businesses. Using this model, the Bank extended TRY 20 million from its own resources to 273 small manufacturers in the Ostim-İvedik Organized Industrial Zone and created more than 500 new jobs.

Türkiye Kalkınma Bankası identifies the target group and their needs in the projects it develops in accordance with its mission, negotiates its loan program with the intermediary banks and finances the apex banking projects with reasonably-priced resources. The primary objectives of the projects are contribution to employment and increasing the competitiveness of firms. The Bank continued to develop projects for new apex banking applications in 2009; four new projects were prepared and presented to the international financial institutions.

Türkiye Kalkınma Bankası is negotiating with the World Bank and the Council of Europe Development Bank (CEB) for securing a sustainable stream of resources as a means of financing its

apex banking activities. The initiatives to secure USD 100 million from the World Bank (SME-2 loan) and EUR 50 million from the CEB to be used in SME project finance were completed in 2009 and the agreements are expected to be inked in the second quarter of 2010.

The Bank obtained EUR 20 million in SME funding from the French Development Agency in 2009 and used this resource in financing 32 enterprises in Eastern-Southeastern Anatolia and other priority development regions. Once these investments are completed, they are expected to create 1,570 new jobs. In addition, an agreement was signed for a TRY 40 million credit facility to serve the medium and long term funding needs of SME-owned tourist accommodation facilities in Istanbul.

### Resource Development and Relations with Financial Institutions

#### World Bank

- Türkiye Kalkınma Bankası is effectively doing its part in efforts conducted to increase and diversify Turkey's energy production. In 2009, the Bank secured a USD 200 million "Renewable Energy Project" loan from the World Bank to support electricity generation from renewable energy sources by the private sector. As part of this initiative, the USD 50 million tranche of this loan which the Bank was an intermediary for was allocated and disbursed to firms in its entirety as of the end of the year. The Bank had a total inflow of USD 20.5 million from this resource during 2009; all of it was lent out.
- Under the guarantee of the Undersecretariat of Treasury, Türkiye Kalkınma Bankası inked a deal for a USD 180 million Private Sector Renewable Energy and Energy Efficiency Loan, USD 150 million of it from the World Bank and USD 30 million of it from the Clean Technology Fund, on June 9, 2009. This facility will be used for financing renewable

energy and energy efficiency projects. As part of this initiative, the Bank had resource inflows of USD 49.4 million and EUR 325,000 during the year. The Bank disbursed USD 44.8 million and EUR 331,375 from this resource during the year.

- Türkiye Kalkınma Bankası signed a USD 41 million loan agreement for energy efficiency improvements with Karabük Demir Çelik Sanayi ve Ticaret A.Ş. Pursuant to this agreement, the Company is planning to build a power plant with an installed capacity of 50 MW and generate the electricity needs of its production facility internally.

#### European Investment Bank (EIB)

- EIB has extended loans, by way of global credit agreements with intermediary banks, to be used for financing SMEs in Turkey since 2001. Working with the EIB as a financial intermediary since 2002, Türkiye Kalkınma Bankası signed agreements for the Industrial Sector Global IV Loan, Global V Loan, SME Development and EIB Energy and Environment Loan under the guarantee of the Undersecretariat of Treasury.
- The Bank obtained a EUR 100 million facility from the EIB to be used towards investment and working capital needs of small and medium-size enterprises (SME); the loan agreement was signed on June 8, 2009 under the Undersecretariat of Treasury guarantee. The loan, which serves as the continuation of this process, will be used for internal or external financing of projects undertaken in the industrial, tourism, healthcare, education, information technology and energy sectors for SMEs that do not fall within the sector restrictions set by the EIB and the EU; in the priority sectors identified by the EIB for the public or private sector companies that are not SMEs.
- The Bank secured a EUR 150 million loan from the EIB to be used in energy and environmental projects; the loan agreement was signed on October 12, 2009 under the guarantee of the

Undersecretariat of Treasury.

- The Bank realized a total funding inflow of EUR 60 million (EUR 50 million for Energy and Environment, EUR 10 million for SME Development II) from the EIB and extended EUR 49.3 million (EUR 40.2 million for Energy and Environment, EUR 2.7 million for SME Development, EUR 203,400 for Global IV and EUR 6.1 million for Global V) in total loans to various companies.

#### Islamic Development Bank (IDB)

- The Bank secured a USD 40 million facility from the Islamic Development Bank for financing SME investments; the loan agreement was signed on June 3, 2009. Within this scope, approval was obtained for a USD 4.7 million resource to be used in financing the investments of two companies. Efforts are under way to disburse the first tranche of USD 1.4 million to the companies.

#### French Development Agency (AFD)

- Pursuant to a contract signed with the AFD in 2008, the Bank obtained a EUR 20 million facility to be lent out via the apex banking method. This amount was disbursed to the intermediary bank to extend the loan to the end customers on March 25, 2009 and the loan was disbursed to ultimate borrowers in its entirety in 2009.

#### Council of Europe Development Bank (CEB)

- The total amount disbursed by the Bank from the Council of Europe Development Bank resources in 2009 was EUR 2.7 million.

#### Capital Markets Services

Türkiye Kalkınma Bankası conducted its capital markets operations in accord with the principles of low transaction costs, competitive prices, fast service and reliable operations, directly as well as indirectly through Kalkınma Yatırım Menkul Değerler A.Ş. (KYMD), a 99%-owned subsidiary of the Bank.

There are three mutual funds, established by Türkiye Kalkınma Bankası or KYMD, with different risk-return profiles. In addition to the purchasing and redemption service for these mutual funds, the Bank also provides brokerage services for Treasury Bill and Government Bond trading as well as for Istanbul Stock Exchange and Turkish Derivatives Exchange (TurkDEX) transactions as an agent of KYMD.

In 2009, the B Type Variable Fund returned 14.2% for its investors while the A Type Variable Fund and the B Type Liquid Fund achieved returns of 46.1% and 6.5%.

#### Venture Capital and Strategic Partnership

Türkiye Kalkınma Bankası, jointly with the European Investment Fund that also acted as the advisor to the project, led the establishment of the Istanbul Venture Capital Initiative (IVCI), a fund of funds for Turkey-oriented investments and a co-investment program. Assuming a major role in the development of the private sector in Turkey and making its first investment in 2009, this fund, with its EUR 160 million capital, provides access to capital for companies with high growth potential. Within this framework, Türkiye Kalkınma Bankası will continue to further strengthen relationships with related organizations (KOSGEB, TTGV, MPM, TOBB, TÜSİAD, etc.) regarding expansion of venture capital and encouraging banks to extend a portion of their loan volumes as venture capital.

#### Subsidiaries

At the end of 2009, the Bank had 12 subsidiary and affiliated companies; three are multi-partner and/or publicly-held companies, one is a basic industrial enterprise and eight (including Istanbul Venture Capital Initiative - iVCI) are non-public companies. Four of these subsidiaries operate in the manufacturing industry while eight are in the services sector; three of the subsidiaries are located in priority development regions; three are in normal regions and five are

in developed regions. One of the Bank's subsidiaries is an international company.

As of year-end 2009, the Bank's participation share in its subsidiaries increased by 3.98% compared to 2008. In accordance with the mission of broadening the capital base that is stipulated in the charter act, the Bank continued to divest shares in its subsidiary companies, in the form of block or common shares, during 2009.

The Board of Directors, holding 99% of the shares of Kalkınma Yatırım Menkul Değerler A.Ş., resolved to recommend to the Board of Directors of the Company the temporary suspension of the Company's activities on September 28, 2009. At Kalkınma Yatırım Menkul Değerler A.Ş. Board of Directors meeting held on October 8, 2009, a decision was made to request authorization from the Capital Markets Board to suspend the Company's operations temporarily for six months beginning on December 31, 2009; the application was submitted on October 12, 2009. Capital Markets Board ruled to suspend the operations of Kalkınma Yatırım Menkul Değerler A.Ş. for 12 months beginning on December 31, 2009.

#### Regional Development

Turkey's National Development Plan proposes a sustainable growth environment that will enhance the welfare of broad segments of society as well as the productivity and international competitiveness of the economy that prioritizes foreign demand and private sector-based employment growth and creation of new fields of employment and that implements institutional and structural regulations that raise competence and quality within the workforce.

Development is the realization of structural transformation in a country by achieving economic, technological and socio-cultural progress. In this respect, financing of development is an activity that requires expertise. Development banks in general are



the first to provide financing in this area generally avoided by private and commercial banks. Other commercial banks usually venture into this area either after it is proven to be successful or extend credit within a consortium structure led by development banks. As a result, development banks are always one step ahead of commercial banks in the development and growth process while commercial banks travel on the paths first opened by development banks.

Türkiye Kalkınma Bankası successfully implemented three emergency support programs in priority development regions as part of Turkey's regional development policies from 1990 to 2000. The Bank added a whole new dimension to development banking in Turkey by launching apex banking in 2008 and supporting commercial banks with its resources and know-how.

Türkiye Kalkınma Bankası's strategic plan emphasizes the Bank's role in supporting regional development policies. The Bank's second strategic objective is to eliminate regional development disparities.

Of the TRY 360 million placements made by the Bank in 2009, 57% (TRY 206 million) were extended to priority development regions.

The Southeastern Anatolian Project (GAP) Action Plan, with respect to economic development objectives, stipulates that "In order to increase the competitiveness of businesses and entrepreneurs in the GAP region, credit facilities shall be expanded and access to capital shall be simplified, especially for the SMEs." Türkiye Kalkınma Bankası is among the institutions responsible for implementing this action plan. In this respect, the Bank was charged with paying particular attention to this region in its lending activities, both from internal resources

or as an intermediary for external sources of funding and increasing specialization in the region in lending.

### Information Technology

Türkiye Kalkınma Bankası, which always strives to provide effective, efficient and high quality service to its clients, undertook system architecture renovation efforts in 2009 in an attempt to obtain the maximum yield from its Information Technology infrastructure. As part of this initiative, the Bank began updating its banking software programs in order to achieve best practices in banking activities and business continuity.

Aspiring to rank among the best banks in the banking sector with its Information Technology infrastructure, the Bank also aims to increase its personnel performance, process efficiency and competitiveness as a result of its laser-like focus on legal compliance, information security, business continuity and infrastructure improvements. The investments made to provide all stakeholders with accurate and reliable information in the easiest and quickest manner will continue in 2009.

### Training

Training efforts were conducted throughout the year to enhance effectiveness and efficiency of the Bank's activities.

Professional training courses for employees are generally conducted by experts in their field of operations and/or instructors from universities, state enterprises and agencies. In addition, employees from the Bank are encouraged to attend trainings administered by domestic and international companies and institutions. The Bank organized 67 seminars, 11 courses, five conferences, two congresses, five meetings and one symposium for a total of 91 in-service training activities during 2009; 1,556 individuals participated in these events. In addition, 14 employees attended ten different courses organized by overseas institutions; 51 employees

participated in the three training events that the Bank organized for other companies.

In addition to professional training programs, seminars featuring hands-on practical exercises and presenting information on planning, implementation, oversight and improvement of environmental management system regarding the TS EN ISO 14001 Environmental Management System were organized by the Turkish Standards Institute and the Türkiye Kalkınma Bankası Environmental Management Committee.

### Environmental Management System

In its activities and lending process, Türkiye Kalkınma Bankası acts with awareness of its social responsibility since it is a state enterprise and prioritizes the development of renewable energy resources. The Bank focuses its lending activities on industrial, tourism and renewable energy sectors as well as energy efficiency investments.

As an institution that provides financial support to sustainable development initiatives, Türkiye Kalkınma Bankası aimed to become a company equipped with the Environmental Management System; in this regard, the Bank initiated efforts in 2009 and trained the employees who will be working actively in system installation and informed all employees about the initiative. By aiming to get the system installed with its own personnel, the Bank ensured that environmental awareness is internalized as well as active, effective participation. The certification process for Environmental Management System applications, which took effect on January 7, 2010, will be completed by the first half of 2010.

Armed with the awareness that the process following the completion of the certification work is a beginning rather than an end, Türkiye Kalkınma Bankası will carry on with its environmental efforts and activities at an even faster pace.

# 1,293

Türkiye Kalkınma Bankası  
Target Level of Total Loans  
(TRY million)

## OUTLOOK FOR 2010

Türkiye Kalkınma Bankası is targeting total loan placements of TRY 584 million for 2010 and the loan book to grow to TRY 1,293 million.

The Bank is placing a major emphasis on the energy industry for the period ahead; 14% of the total loan placements targeted for 2010 will be geared toward the manufacturing industry investments while 20% will be directed to the tourism industry, 40% to the energy-environment investments, 24% to the finance (apex banking) sector and 2% to the education and healthcare investments. In addition, 30% of the total placement will be aimed at investments in underdeveloped regions.

To achieve these goals, the Bank will:

- develop new products,
- expend effort to have the legislation governing the Bank's activities amended and in particular use the interest rate support opportunities offered for the priority development regions,
- take into consideration social benefit-cost analysis, in addition to profitability and productivity, in project evaluations
- and channel the Bank's long term resources into projects aimed at eliminating the regional development disparities at low cost.

Pursuant to its Charter Act, the target customer segment of Türkiye Kalkınma Bankası is joint stock companies. However, with an amendment in legislation allowing limited liability companies to be able to borrow as well, the Bank is aiming to reach a larger group of investors.

The Bank initiated negotiations with the Council of Europe Development Bank for new resources to be used in financing apex banking projects in 2010. This resource is aimed for deployment in 2010.

The ongoing negotiations with the World Bank for the USD 100 million SME loan to be extended via the apex banking method are expected to conclude in the first half of 2010 and the facility will be ready for deployment in the second half.

After the expiration of the SELP II program, of which the Bank is also a beneficiary, efforts will continue to restructure the SELP II Fund as the EFT (European Fund for Turkey) and to determine the Bank's position in the establishment and administration of the fund.

The incentives implemented by various institutions in Turkey will be studied closely; the Bank's know-how in this area will be utilized as a major element of its customer-oriented marketing activities.

The Bank is conducting pilot studies on using a scoring system in the loan evaluation process. The commission conducting the studies for setting up the scoring system and facilitating faster evaluation of loan applications with objective criteria completed its task. The working group formed to adopt the commission's conclusions in the project evaluation method is continuing its efforts.

Pursuant to a Board of Directors Resolution in January 2010, Türkiye Kalkınma Bankası Environmental Policy was adopted and soon after the Environmental Management System was implemented. The Bank is planning to complete the efforts to obtain the TS EN ISO 14001 Environmental Management System certificate in the first half of 2010.

The Bank will provide technical, training, operational and financing support to entrepreneurs in cooperation with development agencies that have been or will be established throughout the country as well as with other non-governmental organizations.



## Research and Development Activities

In research units staffed exclusively with specialists, research activities are conducted not only for the benefit of the Bank's own operations but in the areas needed by the Turkish economy as well.

In addition to providing high quality, effective and quick financing for investments, Türkiye Kalkınma Bankası has a vision of supporting investors technically as well and becoming a global-scale development and investment bank. The Bank conducted research and development activities in this regard during 2009.

Research and development activities are among the areas Türkiye Kalkınma Bankası focuses on particularly. In research units staffed exclusively with specialists, research activities are conducted not only for the benefit of the Bank's own operations but in the areas needed by the Turkish economy as well; all eligible studies are shared publicly via the electronic environment.

The Bank's research activities in 2009 can be classified in terms of basic categories as follows:

**Regional Studies:** Conducted for the purpose of formulating the development strategies of a specific geographic region, these studies research the characteristics that can impact the internal dynamics and investment environment of the region using SWOT analyses; they evaluate the investment areas that can be implemented in the region by also taking into account the time perspective. As a result, the Bank generated the Adana Sub-Region Strategic Development Report during the year.

**General Studies:** These studies are conducted in subjects directly or indirectly related to the Bank's areas of business to contribute to the decision-making support processes. Of these reports, which examine competitive

conditions in the sectors as well as the events that set the global economic agenda and their repercussions, the ones that are not deemed confidential are shared with the public and posted on the Bank's website.

**Country Reports:** Türkiye Kalkınma Bankası makes its information and know-how available not only for domestic investments and investors, but also for overseas investments as well as through advisory services for foreign investors.

As part of this initiative in 2009, the Bank produced two reports each for eight of the economic regions in Azerbaijan (Absheron, Ganja-Qazakh, Shaki-Zaqatala, Aran, Daglig-Shirvan, Lankaran, Quba-Khachmaz, Yukhari-Karavakh) entitled "Determination of Investment Potentials of Economic Regions" and "Investment Profiles for the Identified Investment Areas" for a total of 16 reports for the Economic Development Ministry of Azerbaijan.

In addition, Türkiye Kalkınma Bankası, via a consortium formed with two other partners, was awarded the Technical Assistance tender for improving the institutional, human, managerial and physical capacity of the regional offices of the Department of Sustainable Development and Regional Policies (DSDRP) of the Economic Development Ministry of Azerbaijan and for enhancing the coordination between the DSDRP and its regional offices.

### Technology Monitoring and Research

In 2009, Türkiye Kalkınma Bankası continued to monitor technological developments, new products and

services in Turkey and around the world, create a data bank and provide technical assistance and advisory service.

As Turkey's development bank, the Bank is fully cognizant of the importance of environmental awareness to achieve sustainable development. To this end, Türkiye Kalkınma Bankası participated in many fairs, congresses, conferences and workshops for renewable energy, environment and energy efficiency; it closely monitored developments in these areas. In addition, the Bank contributes to these platforms by sharing its experience and know-how via presentations and reports.

In 2009, the Bank presented many papers in various platforms highlighted by the ICCI 2009 15th International Energy and Environment Fair and Conference and the Carbon Markets Turkey, South Caucasus and Central Asia Conference. The Bank generated extensive reports as a result of multi-faceted studies it conducted with regard to Carbon Capture and Storage, Biodiesel and Biogas, Insulation Materials and Production Technology, Photovoltaic Technology, Prevention and Elimination of Pollution of Water Resources Research, Agricultural Irrigation Methods Research, Gasification Technology and Biofuels; Bioethanol, Biodiesel and Biogas.

In addition, Türkiye Kalkınma Bankası conducted informative meetings at the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Chambers of Industry and Commerce and Organized Industrial Zones to promote its loans and lending policies.

# Management and Statutory Auditors

## BOARD OF DIRECTORS\*

### Abdullah ÇELİK

Chairman of the Board of Directors and CEO, (01)

Salihli-Manisa, 1969. Abdullah Çelik graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics in 1991; he received his MBA from Old Dominion University in Virginia. Beginning his professional career at the Ministry of Finance and Customs in 1986, Çelik served as Assistant Specialist at the EU Coordination Department of the Ministry of Finance and Customs in 1992, as Assistant Auditor on the Board of Certified Bank Auditors at the Prime Ministry Undersecretariat of Treasury and Foreign Trade between 1992 and 1995, as Auditor in the same unit from 1995 to 2004, as Chief Auditor on the Board of Certified Bank Auditors at the Banking Regulation and Supervision Agency of Turkey (BRSA) in 2004 and as Manager of the Institutions II Department of the BRSA from 2004 to 2005. He has been the Bank's Chairman and CEO since December 19, 2005.

### Ahmet YAMAN

Member and Vice Chairman of the Board of Directors

Chairman of the Corporate Governance Committee, (02)

Bökelir-Ankara, 1966. Ahmet Yaman graduated from Middle East Technical University (METU), Faculty of Architecture, Department of City and Regional Planning in 1987 and received his MA from Cornell University in New York. Beginning his professional career in 1988 as a Research Assistant at Middle East Technical University, Department of City and Regional Planning, Yaman served as Assistant Planning Specialist and Planning Specialist at the State Planning Organization (SPO) General Directorate of Social Sectors from 1989 to 2002, as General Coordinator of SPO EU Education and Youth Programs Center between 2002 and 2003, as Assistant General Manager at the General Directorate of Regional Development from 2003 to 2004 and as General Manager in the same agency from 2004 to 2009. He has been the Deputy Undersecretary of the SPO since 2009. Ahmet Yaman has been a member of the Bank's Board of Directors since May

2, 2008 and Vice Chairman of the Board of Directors and the Chairman of its Corporate Governance Committee since May 12, 2008.

### Özcan TENGİLİMOĞLU

Member of the Board of Directors and Vice Chairman of the Audit Committee, (03)

Ankara, 1968. Özcan Tengilimoğlu graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1991. He served as Inspector and Branch Manager at Esbank from 1992 to 2001 and as Branch Manager at Bank Asya between 2001 and 2005; he has been Finance Director of Türksat since 2005. Özcan Tengilimoğlu has been a member of the Bank's Board of Directors since May 2, 2008 and Vice Chairman of its Audit Committee since May 12, 2008.

### İrfan TOKGÖZ

Member of the Board of Directors and Chairman of the Audit Committee, (04)

Acıpayam-Denizli, 1970. İrfan Tokgöz graduated from Ankara University, Faculty of Political Science, Department of Public Finance in 1992; he received his MA from the University of Illinois in the United States. Beginning his professional career as Aspirant District Governor at the Ministry of the Interior in 1994, Tokgöz served as Assistant Treasury Controller at the Undersecretariat of Treasury Board of Treasury Controllers from 1995 to 1998 and as Treasury Controller between 1998 and 2005. He was Chief Treasury Controller from 2005 to 2008 at the same agency and has been the Deputy General Manager of General Directorate of Foreign Investments at the Undersecretariat of Treasury since 2008. İrfan Tokgöz became a member of the Bank's Board of Directors on May 2, 2008 and Chairman of the Audit Committee since May 21, 2008.

### Hakan TOKAÇ

Member of the Board of Directors and Vice Chairman of the Corporate Governance Committee, (05)

Ankara, 1972. Hakan Tokaç graduated from Ankara University, Faculty of Political Science, Department of Public Finance in 1994 and received his MA from the University of Illinois in the United States.

Beginning his professional career as Assistant Superintendent at the Department of Foreigners of the General Directorate of Security in 1994, Tokaç served as Assistant Specialist at Undersecretariat of Customs General Directorate of Customs from 1996 to 1997, as Assistant Treasury Specialist and Treasury Specialist at the Undersecretariat of Treasury General Directorate of Public Finance from 1997 to 2004, as Budget and Finance Coordinator at the State Planning Organization EU Education and Youth Programs Center between 2004 and 2006 and as Manager of Strategy Development Department at Undersecretariat of Treasury General Directorate of Public Finance between 2006 and 2007. He has been a Deputy General Manager at the Undersecretariat of Treasury General Directorate of Public Finance since 2007. Hakan Tokaç has been a member of the Bank's Board of Directors since May 1, 2007 and Vice Chairman of its Corporate Governance Committee since May 12, 2008.

### Şerif ÇELENK

Member of the Board of Directors, (06)

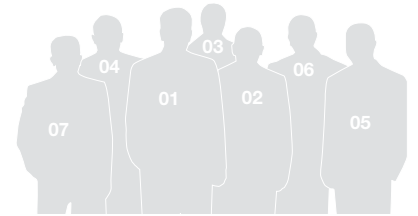
Kilis, 1948. Şerif Çelenk graduated from Marmara University, Faculty of Administrative Sciences, Department of Economics-Public Finance in 1973. Beginning his professional career at the Kilis Municipality in 1974, Çelenk served as Inspector and Manager at Pamukbank from 1979 to 1989 and as Manager at Emlak Bank from 1990 to 2001 and at Ziraat Bank from 2001 to 2004. He has been a member of the Bank's Board of Directors since March 2, 2009.

### Mehmet AYDIN

Member of the Board of Directors, (07)

Babınir-Batman, 1967. Mehmet Aydın graduated from Ankara University, Faculty of Political Science, Department of Economics in 1988. Beginning his professional career at the General Directorate of Local Administrations of the Ministry of the Interior in 1990, Aydın worked as a Controller from 1990 to 2009. He has been Deputy Director of the Public Procurement Authority since January 15, 2010. Mehmet Aydın has been a member of the Bank's Board of Directors since March 2, 2009.

\* Zekai Işıldar served as a Member of the Bank's Board of Directors between May 2, 2008 and January 15, 2009; Adnan Yalçınçı served as a member of the Bank's Board of Directors between May 2, 2008 and January 29, 2009.



The Board of Directors of Türkiye Kalkınma Bankası consists of seven members, six members elected by the General Assembly from among shareholders and the CEO. The Board of Directors serves for a term of three years. A member can be re-elected after the expiration of his or her term of office. The provisions of the Turkish Commercial Code apply in the event of vacancy in membership before the expiration of the term of office. The Bank's Charter Act No. 4456 and its Articles of Association stipulate that the Board of Directors convenes at least twice a month with a quorum consisting of the majority of its members. The Board of Directors holds at least 24 meetings each year. Interim resolutions require unanimous vote. A majority of the members of the Board of Directors should be present to convene a meeting. In 2009, the Board of Directors convened 25 times and passed 313 resolutions, 74 of which were interim resolutions.

**STATUTORY AUDITORS\*****Mustafa GÜNEŞ****Statutory Auditor, (01)**

Kaman-Kırşehir, 1969. Mustafa Güneş graduated from Ankara University, Faculty of Political Science, Department of Public Finance in 1991. He served as Chief Revenue Controller of Revenues from 2003 to 2005, as Group Head from 2005 to 2007 and as Department Manager from 2007 to 2009 at the Ministry of Finance Revenue Administration. He is currently a Vice President at the Ministry of Finance Revenue Administration and has been a Statutory Auditor of the Bank since April 30, 2008.

**Ferhat KARAŞ****Statutory Auditor, (02)**

Bergama-Izmir, 1974. Ferhat Kardeş graduated from Ankara University, Faculty of Political Science, Department of Business Administration in 1996 and received his MA from Indiana University, Faculty of Public and Environmental Relations, Department of Public Relations. Beginning his professional career as an Assistant Auditor at the Prime Ministry Board of Internal Auditors in 1997, Kardeş worked as Auditor from 2001 to 2007 and as Chief Auditor there from 2007 to 2009. He has been Vice President in the same agency since 2009 and a Statutory Auditor of the Bank since January 28, 2010.

**DEPARTMENTS IN INTERNAL SYSTEMS\*\*/\*\*\*****Özkan AKCAN****Head of Internal Audit**

Susurluk-Balıkesir, 1962. Özkan AKCAN graduated from Istanbul University, Faculty of Economics, Department of Public Finance in 1988. Beginning his professional career as Assistant Internal Auditor at Etibank in 1990, Akcan worked as an Internal Auditor from 1993 to 1998 in this bank. He served as an Internal Auditor from 1998 to 2005 and as Chief Auditor between 2005 and 2006 at Türkiye Kalkınma Bankası. Özkan AKCAN has been the Bank's Head of Internal Audit since April 17, 2006.

**Ramazan KOYUNCUGİL****Acting Manager of Internal Control**

Seydişehir-Konya, 1961. Ramazan Koyuncugil graduated from Atatürk University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1983. Beginning his professional career as an Assistant Specialist at the Ministry of Tourism in 1983, Koyuncugil served as Specialist from 1987 to 1995, Senior Specialist from 1995 to 1997, manager between 1997 and 1998, Deputy Manager from 1998 to 2006 and Senior Specialist between 2006 and 2009. He has been Deputy Manager of Internal Control since October 13, 2009 and Acting Manager of Internal Control since November 3, 2009.

**Semra PEKKAYA****Risk Monitoring Manager**

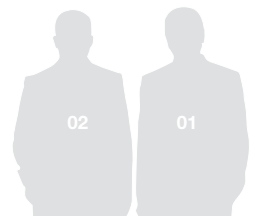
Polatlı-Ankara, 1969. Semra Pekkaya graduated from Ankara University, Faculty of Political Science, Department of Economics in 1989 and received her MA in Economics from Gazi University, Institute of Social Sciences and her PhD from the same university. Beginning her professional career as an Assistant Specialist at the Bank in 1990, Pekkaya served as Specialist from 1994 to 2000, Senior Specialist between 2000 and 2001, Deputy Manager from 2001 to 2006 and Manager between 2006 and 2009. She has been the Bank's Risk Monitoring Manager since November 3, 2009.

\* Mehmet AYDIN served as Audit Committee Member between April 30, 2008 and February 20, 2009; Bahri KIZILKAYA served as Audit Committee Member between April 30, 2008 and December 30, 2009; Mahmut Hadi EKİCİ served as Audit Committee Member between February 20, 2009 and February 15, 2010.

\*\* İsmail YILDIRIM served as Manager of Internal Control between October 21, 2001 and August 27, 2009; Filiz BAYAR served as Acting Manager of Internal Control from October 6, 2009 to October 30, 2010.

\*\*\* Oğuz AŞIRIM served as Risk Monitoring Manager from June 24, 2008 until June 2, 2009.





The term of office for the Statutory Auditors is three years. A Statutory Auditor can be re-elected after the expiration of his or her term of office. The provisions of the Turkish Commercial Code apply in the event of termination of duty of a Statutory Auditor before the expiration of his or her term of office.

## SENIOR MANAGEMENT

**Abdullah ÇELİK**

**Chairman of the Board of Directors and CEO**

Salihli-Manisa, 1969. Abdullah Çelik graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics in 1991 and received his MBA from Old Dominion University in Virginia. Beginning his professional career at the Ministry of Finance and Customs in 1986, Çelik served as Assistant Specialist at the EU Coordination Department of the Ministry of Finance and Customs in 1992, as Assistant Auditor on the Board of Certified Bank Auditors at the Prime Ministry Undersecretariat of Treasury and Foreign Trade between 1992 and 1995, Auditor in the same unit from 1995 to 2004, Chief Auditor on the Board of Certified Bank Auditors at the Banking Regulation and Supervision Agency of Turkey (BRSA) in 2004 and Manager of the Institutions II Department of the BRSA from 2004 to 2005. He has been the Bank's Chairman and CEO since December 19, 2005.

**Bahattin SEKKİN**

**Executive Vice President**

Üçkuyu-Afyonkarahisar, 1956. Bahattin Sekkin graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1980. Beginning his professional career as an Assistant Specialist at the Bank in 1981, Sekkin served as a Specialist between 1985 and 1990, Senior Specialist in 1990, Assistant Manager from 1990 to 1997, Executive Vice President in 1997, Advisor to the General Manager from 1997 to 1998, Executive Vice President in 1998 and Advisor to the General Manager between 1999 and 2003. He was employed as Executive Director at Betonsan A.Ş. from 1997 to 1998 and at Keban Holding Sodyum Bikromat A.Ş. in 1998 and as Executive Vice President at Türk Suudi Yatırım Holding A.Ş. (Turkish Saudi Investment Holding) in 1993. Sekkin has been an Executive Vice President at the Bank since August 22, 2003. Bahattin Sekkin is currently in charge of Administrative Affairs, Training, Information Technology and Technological Research Departments.

**Adnan YALÇINCI**

**Executive Vice President**

Ankara, 1965. Adnan Yalçancı graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences, Department of Public Finance in 1987 and received his MA from Gazi University, Institute of Social Sciences. Beginning his professional career at the Regional Directorate of Forestry in 1986, Yalçancı worked for Türkiye Halk Bankası from 1988 to 1989 and later served as Assistant Specialist and Specialist at the Training Directorate of Ziraat Bank between 1989 and 2001. He served as the Administrator of Mamak/Ankara Branch and the Manager of the 100. Yıl Branch of Ziraat Bank. Adnan Yalçancı has been an Executive Vice President at the Bank since October 14, 2005 and a member of the Board of Directors from 2008 to 2009. Yalçancı is currently in charge of Financial Affairs and Human Resources departments.



### Zekai IŞILDAR

#### Executive Vice President

Pınarbaşı-Kayseri, 1963. Zekai Işıldar graduated from Middle East Technical University, Department of Mining Engineering in 1986. Beginning his professional career as an Assistant Specialist at the Bank in 1986, Işıldar served as Specialist from 1991 to 1997, Manager in 1997, Specialist between 1997 and 1998, Senior Specialist from 1998 to 2003 and Manager from 2003 until 2007. After serving as Acting Executive Vice President from 2007 to 2009, he has been Executive Vice President since January 30, 2009. Zekai Işıldar was a member of the Board of Directors between 2008 and 2009 and is currently in charge of Loan Evaluation I, Loan Evaluation II and Corporate Banking and Investments departments.



### Metin PEHLİVAN

#### Executive Vice President

Tosya-Kastamonu, 1969. Metin Pehlivan graduated from Ankara University, Faculty of Political Science, Department of Business Administration in 1991. Beginning his professional career as Assistant Inspector at İş Bank in 1992, Pehlivan served as Deputy Manager from 2000 to 2006, Group Head from 2006 to 2007 and Branch Manager from 2007 until 2009. He has been an Executive Vice President of the Bank since September 15, 2009. Metin Pehlivan is currently in charge of Legal, Credit Marketing, Intelligence and Loan Monitoring departments.



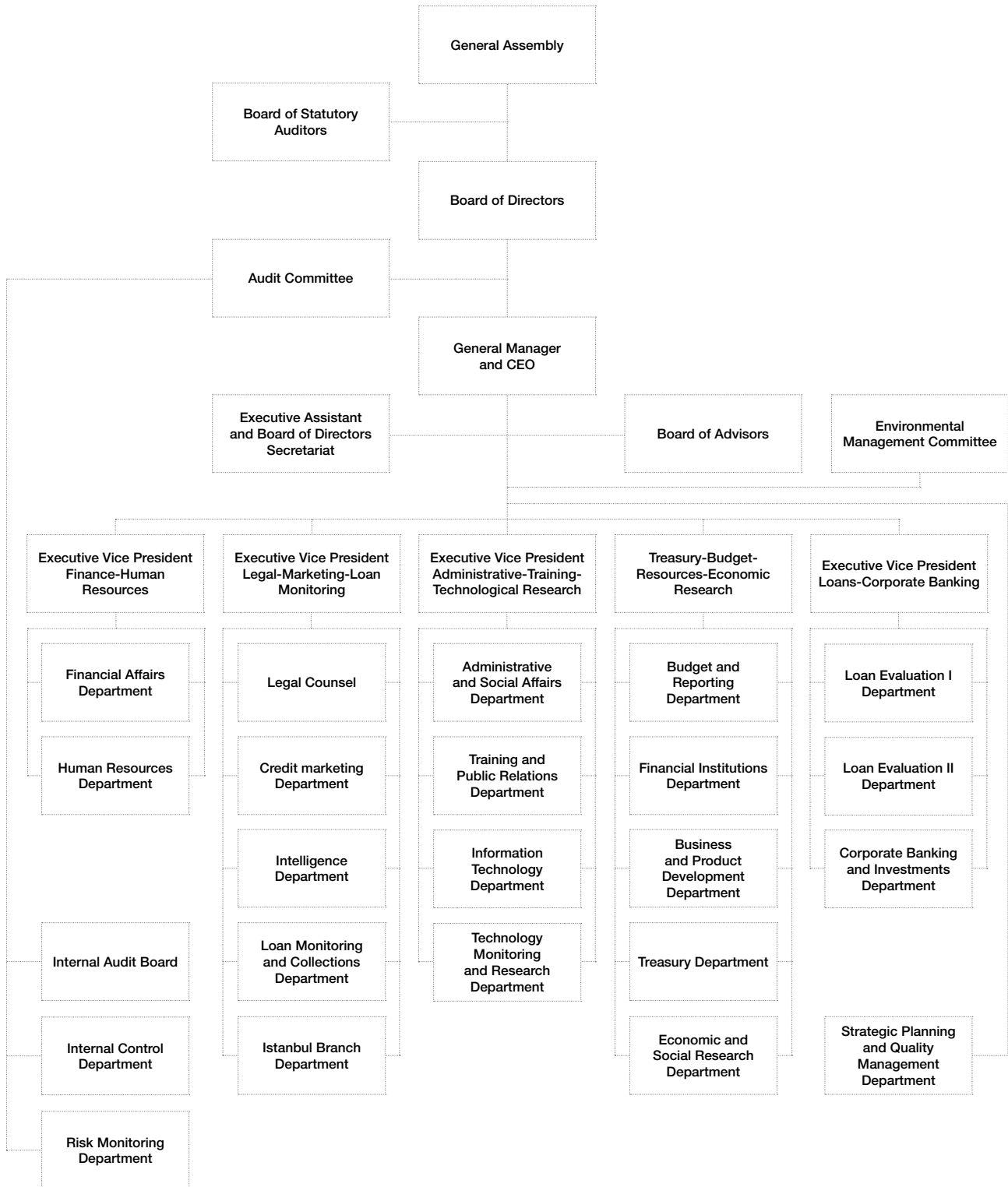
### İrfan YAŞAR

#### Executive Vice President

Çubuk-Ankara, 1973. İrfan Yaşar graduated from Ankara University, Faculty of Political Science, Department of Public Finance in 1997 and received his MA from the University of Illinois. Beginning his professional career as an Assistant Certified Bank Auditor on the Board of Certified Bank Auditors at the Undersecretariat of Treasury in 1998, Yaşar served as Assistant Certified Bank Auditor on the Board of Certified Bank Auditors at the Banking Regulation and Supervision Agency of Turkey (BRSA) between 2000 and 2002. He also served as Certified Bank Auditor from 2002 to 2008 and as Chief Certified Bank Auditor between 2008 and 2009. He has been an Executive Vice President of the Bank since December 16, 2009. İrfan Yaşar is currently in charge of Treasury, Budget and Reporting, Financial Institutions, Business and Product Development and Economic and Social Research departments.

\* Cansel İnankur served as Executive Vice President from August 29, 1997 until September 9, 2009.

## Organization Chart for 2009



\* It took effect with the resolution of the Board of Directors dated July 30, 2009, No. 2009-Interim Resolution/147.



# Committees

## AUDIT COMMITTEE

The Audit Committee was formed following the Bank's Board of Directors' resolution No. 227 dated October 31, 2006 to execute audit/oversight activities of the Board of Directors and to perform certain internal systems functions in accordance with the provisions of the Regulation on the Bank's Internal Systems. The Audit Committee conducts its activities in accordance with the Audit Committee Operating Procedures and Principles that were approved by the Board of Directors' resolution No. 36 dated January 24, 2007.

Board of Directors members, İrfan TOKGÖZ and Özcan TENGİLİMOĞLU, were elected to the Audit Committee following the Board of Directors resolution No. 098 dated May 12, 2008. At the Audit Committee meeting No. 2008/5 held on May 21, 2008, İrfan TOKGÖZ and Özcan TENGİLİMOĞLU were appointed Chairman and Vice Chairman of the Committee, respectively.

Internal Audit Board, Internal Control Department and Risk Monitoring Department, which are units of the internal systems, report directly to the Board of Directors; this reporting relationship is executed via the Audit Committee.

The Audit Committee meeting was convened 13 times in 2009.

### Members of the Audit Committee and Their Primary Functions

Name	Title	Primary Function
İrfan Tokgöz	Audit Committee Chairman	Deputy General Manager of Foreign Investments, Undersecretariat of Treasury
Özcan Tengilimoğlu	Audit Committee Vice Chairman	Finance Director, Türksat

## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was formed with the Bank's Board of Directors' resolution No. 185 dated June 15, 2007 in accordance with the Regulation on the Bank's Corporate Governance Principles issued by the Banking Regulation and Supervision Agency and published in the Official Gazette No. 26333 dated November 1, 2006 and the Corporate Governance Principles issued by the Capital Markets Board. The Operating Procedures and Principles of the Corporate Governance Committee were established and put in effect by the Board of Directors' resolution No. 209 dated July 24, 2007.

The function of the Committee is to conduct studies for determining the principles of the Bank's corporate governance policy, to oversee compliance with corporate governance principles, carry out initiatives to make improvements in this respect and make recommendations to the Board of Directors. Since May 12, 2008, the Chairman of the Committee has been Ahmet Yaman, a non-executive member of the Board of Directors; in his absence Hakan Tokaç, also a non-executive member of the Board of Directors as well as the Vice Chairman of the Committee, chairs the committee.

Corporate Governance Committee convened for three meetings during 2009.

Corporate Governance Committee is continuing to work toward improving the Bank's corporate governance practices.

**Corporate Governance Committee**

Name	Title	Primary Function
Ahmet YAMAN	Corporate Governance Committee Chairman	Deputy Undersecretary, State Planning Organization
Hakan TOKAÇ	Corporate Governance Committee Vice Chairman	Undersecretariat of Treasury, Deputy General Manager of Public Finance
Zekai İŞILDAR	Member	T. Kalkınma Bankası A.Ş. Executive Vice President
Adnan YALÇINCI	Member	T. Kalkınma Bankası A.Ş. Executive Vice President
İrfan YAŞAR	Member	T. Kalkınma Bankası A.Ş. Executive Vice President
Bahattin SEKKİN	Member	T. Kalkınma Bankası A.Ş. Executive Vice President
Metin ÇINAR	Member	T. Kalkınma Bankası A.Ş. Corporate Banking and Investments Manager
Kadriye METİN	Member	T. Kalkınma Bankası A.Ş. Human Resources Manager
Esra CEYLAN	Member	T. Kalkınma Bankası A.Ş. Budget and Reporting Manager (A.)
Yücel ÖZBİLGİN	Member	T. Kalkınma Bankası A.Ş. Strategic Planning and Quality Management Manager
Volkan KAPLAN	Member	T. Kalkınma Bankası A.Ş. Information Technology Manager
Aydın TOSUN	Member	T. Kalkınma Bankası A.Ş. Financial Affairs Manager (A.)
Hakan KILDOKUM	Member	T. Kalkınma Bankası A.Ş. Capital Markets Legislation Compliance Officer, Corporate Banking and Investments Assistant Manager

**LOANS AND PARTICIPATIONS COMMITTEE**

The Loans and Subsidiaries Committee was established to determine the principles governing the Bank's general lending and participation policy, plan the composition of the types of loans that are, or will be, part of the Bank's loan book, evaluate proposals put forth by related departments, oversee lending activities on a continuous basis and facilitating the changes needed in accord with general economic policies.

The Committee is chaired by the CEO and consists of the Bank's executive vice presidents and managers of related departments. Depending on the meeting agenda, other personnel may also be invited to the Committee meetings.

In 2009, the Committee convened for 30 meetings and made 110 decisions to be submitted to the Bank's Board of Directors.

**Members of the Loans and Participations Committee\***

Name	Title	Primary Function
Abdullah ÇELİK	Chairman	CEO
Bahattin SEKKİN	Member	Executive Vice President
Adnan YALÇINCI	Member	Executive Vice President
Zekai İŞILDAR	Member	Executive Vice President
Metin PEHLİVAN	Member	Executive Vice President
İrfan YAŞAR	Member	Executive Vice President
Related Departments	-	Legal Counsel Loan Evaluation I Manager Loan Evaluation II Manager Loan Monitoring and Collections Manager Credit Marketing Manager Intelligence Manager

\* Cansel İnankur served as a Committee member from October 9, 2007 until September 9, 2009.

## ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

Assets and Liabilities Management Committee was set up to facilitate an effective and efficient management of the asset and liability items of the Bank's balance sheet. The Committee conducts its business in accordance with the Bank's vision, mission, strategic objectives and targets, risk management policies and strategies; it takes into consideration current or potential economic developments, interest rates, maturity and currency.

The Committee is chaired by the CEO and consists of executive vice presidents. In the absence of the CEO, Executive Vice President of Financial Institutions chairs the meetings. Depending on the meeting of the agenda, the Committee Chair may invite managers of related departments or other personnel to the meetings.

In 2009, the Committee convened for 18 meetings and made 18 decisions to be submitted to the Bank's Board of Directors.

### Assets and Liabilities Management Committee\*

Name	Title	Primary Function
Abdullah ÇELİK	Chairman	CEO
İrfan YAŞAR	Vice Chairman	Executive Vice President
Bahattin SEKKİN	Member	Executive Vice President
Adnan YALÇINCI	Member	Executive Vice President
Zekai İŞILDAR	Member	Executive Vice President
Metin PEHLİVAN	Member	Executive Vice President
Related Departments	-	

## ENVIRONMENTAL MANAGEMENT COMMITTEE

As part of Environmental Management Policy, Türkiye Kalkınma Bankası is aiming to form, administer, improve, monitor and ensure corporate awareness about the Environmental Management System. To this end, Functions, Authorities, Responsibilities and Operating Procedures and Principles of the Environmental Management Committee were established by the Board of Directors resolution No. 106 dated May 25, 2009.

The Committee consists of a total of seven members appointed by the CEO, one of whom is the representative picked from among executive vice presidents and two are deputy representatives elected from among other personnel.

The Committee convened for three meetings in 2009.

### Environmental Management Committee

Name	Title	Primary Function
Bahattin SEKKİN	Representative	Executive Vice President
Meral YILDIZ	Deputy Representative	Senior Specialist
Zehra YİĞİT	Deputy Representative	Senior Specialist
Erdoğan ÇOŞKUN	Member	Assistant Manager
Can AYYILDIZ	Member	Senior Specialist
Zeki AVŞAR	Member	Senior Specialist
Kurtay Kurtar ERBAŞ	Member	Senior Supervisor

\* Cansel İnankur served as a Committee Member from October 9, 2007 until September 9, 2009.

## INFORMATION TECHNOLOGY COMMITTEE

The Functions, Authorities and Operating Procedures and Principles of the Information Technology (IT) Committee was established by the Türkiye Kalkınma Bankası Board of Directors resolution No. 152 dated June 30, 2008. This resolution was passed for the purpose of overseeing the compliance of Information Technology systems, platforms and applications with the Bank's main area of activity, business goals, related legislation and standards, to assess opportunities for cooperation and coordination in these matters and facilitate the implementation of corporate governance principles.

The IT Committee consists of the Bank's Executive Vice Presidents and the Information Technology Manager; the Executive Vice President of Information Technology is the Chairman of the Committee. In the absence of the Chairman, the Executive Vice President of Treasury and Financial Affairs chairs the meetings as the Vice Chairman. In addition to these members, other personnel may also be invited to attend the meetings depending on the meeting agenda.

In 2009, the Committee convened for five meetings and made one decision that was submitted to the Bank's Board of Directors.

### Information Technology Committee\*

Name	Title	Primary Function
Bahattin SEKKİN	Chairman	Executive Vice President
Adnan YALÇINCI	Vice Chairman	Executive Vice President
Zekai İŞILDAR	Member	Executive Vice President
Metin PEHLİVAN	Member	Executive Vice President
İrfan YAŞAR	Member	Executive Vice President
Volkan KAPLAN	Member	Information Technology Manager
Related Departments	-	

\* Cansel İnankur served as a Committee member from October 9, 2007 until September 9, 2009.

## Summary Report of the Board of Directors

Growing faster than development and investment banks as well as the overall banking sector despite the crisis period, the Bank's total assets reached TRY 1,287 million with a 25.7% increase over levels of the previous year that totaled TRY 1,024 million.

Closely following the best models and practices in its area globally, Türkiye Kalkınma Bankası conducted its activities in 2009 in line with a stable and healthy growth strategy and in accordance with its mission and vision without taking on any speculative risk.

Consequently, growing faster than the development and investment banks as well as the overall banking sector despite the crisis period, the Bank's total assets reached TRY 1,287 million with a 25.7% increase over the previous year's level of TRY 1,024 million.

In recent years, Türkiye Kalkınma Bankası intensified lending, its primary function; the share of loans in its total assets rose from 57.5% to 62.3%. The Bank's loan book expanded 36.2% from TRY 589,070 thousand to TRY 802,324 thousand.

Türkiye Kalkınma Bankası funded the increase in its lending volume predominantly with foreign resources. Consequently, share of foreign resources in total liabilities increased to 61.2% in 2009.

The Bank's issued capital is TRY 160,000 thousand. The Bank's shareholders' equity grew by 3.1% to TRY 499,028 thousand from TRY 484,158 thousand and the share of shareholders' equity in total liabilities stands at 38.8%.

The Bank's total assets grew as a result of the expansion in its loan volume during the period; however, interest margin narrowed due to the falling interest rates in 2009. Accordingly, net profit declined to TRY 25,579 thousand in 2009 from TRY 36,679 thousand the previous year; return on assets (ROA) declined from 3.6% to 2.0% while return on equity (ROE) fell from 7.6% to 5.1%.

In the period ahead, Türkiye Kalkınma Bankası will maintain its active involvement in resource development and lending activities and continue to support the financing of competitive projects of real sector investors that create value added and employment.

TÜRKİYE KALKINMA BANKASI A.Ş.  
BOARD OF DIRECTORS

## Human Resources Practices

As of year-end 2009, the Bank undertook its activities with a total of 741 employees, 700 of who are contract personnel and 41 are fixed term contract personnel.

Article 15 of Law No. 4456 that charters the Bank stipulates that the tasks required for the Bank's services shall be conducted via contract personnel who are not subject to the permanent personnel provisions of the Civil Servants Law No. 657 or other laws and that provisions of the Law No. 5434 on Civil Servants Pension Fund shall apply for the Bank's personnel. In this respect, the Bank's employees became Contract Personnel while retaining their personal employee rights.

The annual salary increases of the Bank's personnel are determined based on the wage caps set by the High Planning Council and their rates of increase. This practice has been put on a legal frame by Article 15 of Law No. 4456.

The personnel policy, recruitment criteria and principles of promotion of Türkiye Kalkınma Bankası have been set by the Personnel Bylaws. Recruitments are made according to the circulars of the Office of the Prime Ministry and stipulations of the Personnel Bylaws. The recruitments and promotions of specialists and assistant specialists are conducted pursuant to the provisions of the Regulation on Recruitment, Proficiency and Promotion Principles for Specialists and Assistant Specialists; recruitments and promotions of auditors and assistant auditors are conducted pursuant to the provisions of the Internal Audit Board Regulation; while recruitment and promotion of other personnel are performed according to the provisions of the Personnel Bylaws.

As of year-end 2009, the Bank undertook its activities with a total of 741 employees, 700 of who are contract personnel and 41 are fixed term contract personnel. Therefore, the Bank's number of employees increased by 3% as of year-end 2009, from 720 at year-end 2008. During the same period, development and investment banks increased their employee count by 1%.

The Bank's organization consists of the Head Office and the Directorate of the Istanbul Branch. Average number of branches in the development and investment bank group is 4.2.

80% of the Bank's employees hold university or higher degrees while this share stands at 73% among development and investment banks; 20% of the Bank's personnel are elementary and high school graduates, while this ratio is 27% for the development and investment bank group.

## Related Party Transactions

The Chairman and members of the Board of Directors, the CEO and Executive Vice Presidents do not own any shares representing the Bank's capital. If requested, loans may be made to the members of the Board of Directors in accordance with the Bank Personnel Loan Regulation and under the same conditions applicable to the Bank's personnel. Aside from these loans made within the frame of the banking legislation, no loan or any other form of debt entry has been extended to any member of the Board of Directors or executive, directly or through a third person, nor is there any guarantee or collateral given in their favor.

In accordance with Article 49 of the Banking Law, the participations under direct control of the Bank are Kalkınma Yatırım Menkul Değerler A.Ş. (KYMD A.Ş.), Aciselsan A.Ş. and Arcak Turizm A.Ş. The Bank conducted business with KYMD A.Ş. in 2009 with respect to securities brokerage services.

On September 28, 2009, the Bank's Board of Directors resolved to recommend to the Board of Directors of Kalkınma Yatırım Menkul Değerler A.Ş., a 99.99%-owned subsidiary of the Bank, temporary suspension of the Company's activities. At the Board of Directors meeting of Kalkınma Yatırım Menkul Değerler A.Ş. held on October 8, 2009, a decision was taken to request authorization from the Capital Markets Board to suspend the Company's operations temporarily for six months beginning on December 31, 2009; the application was submitted on October 12, 2009.

Capital Markets Board ruled to suspend the operations of Kalkınma Yatırım Menkul Değerler A.Ş. for 12 months beginning on December 31, 2009.

## Support Services

The Bank does not procure any support services that fall within the purview of Regulation on Procurement of Support Services by the Banks and Authorization of Support Service Providers.

# Corporate Governance Principles Compliance Report

## 1. Declaration of Compliance with Corporate Governance Principles

Türkiye Kalkınma Bankası A.Ş. conducts its business in accordance with the provisions of its Charter Act No. 4456, the Banking Law and other laws and regulations to which it is subject. The Bank expends maximum effort to comply with the Corporate Governance Principles published by the Capital Markets Board (CMB).

In this scope;

- A Corporate Governance Committee was formed and the Committee's Operating Procedures and Principles were established.
- Information Disclosure Policy and the List of Persons with Access to Inside Information were approved.
- The organization structure needed for the Shareholder Relations Department to execute its functions was put in place.
- The Bank strives to continually improve its website ([www.kalkinma.com.tr](http://www.kalkinma.com.tr)) for its effective use in sharing information with investors and shareholders.

## SECTION I - SHAREHOLDERS

### 2. Shareholder Relations Unit

On March 2, 2009, the Board of Directors resolved that the Bank's Corporate Banking and Investments Department shall carry out the functions of the shareholder relations unit, mandated by the CMB Communiqué Series IV, No. 41 on Principles to be Complied with by Partnerships Governed by the Capital Markets Law and the necessary internal arrangements were made. Accordingly, the duties of the Corporate Banking and Investments Department are as follows:

- Ensuring that shareholder records are kept reliably, securely and up-to-date,

- Responding to the Bank-related information requests submitted in writing by shareholders, unless the requested information is publicly unavailable, confidential or a trade secret,
- Organizing the Bank's General Assembly meetings in accordance with the effective legislation, Articles of Association and other internal regulations of the Bank in coordination with the Executive Assistant and the Board of Directors Secretariat,
- Preparing the documents that the shareholders might use during General meetings,
- Ensuring that records of General Assembly voting results are kept and reports on the voting results are transmitted (delivered/presented) to the shareholders and
- Overseeing and supervising all matters regarding public disclosures, including Legislation and the Bank's Information Disclosure Policy.

In 2009, seven applications and information requests were processed and received replies.

The contact information of the Shareholder Relations Unit managers is provided below:

#### Corporate Banking and Investments Department

Department Manager: Dr. Metin ÇINAR  
Phone: +90 312 231-4308  
e-mail: [metin.cinar@kalkinma.com.tr](mailto:metin.cinar@kalkinma.com.tr)  
[bankacilikyatirimlar@kalkinma.com.tr](mailto:bankacilikyatirimlar@kalkinma.com.tr)

Department Assistant Manager: GÜLDOĞAN HANCIOĞLU  
Phone: +90 312 231-4308  
e-mail: [guldogan.hancioglu@kalkinma.com.tr](mailto:guldogan.hancioglu@kalkinma.com.tr)  
[bankacilikyatirimlar@kalkinma.com.tr](mailto:bankacilikyatirimlar@kalkinma.com.tr)

### 3. Exercise of Shareholders' Right to Obtain Information

In 2009, the Bank received seven applications in writing, three from an electronic environment from small

shareholders requesting information regarding position of customer accounts with respect to Bank share certificates, exercise of pre-emptive rights, dividend payment and the Bank's subsidiaries; all of these were responded to or directed as appropriate.

The Bank conducts ongoing efforts to improve use of the electronic environment as a means to make announcements and facilitate effective exercise of shareholder rights; developments pertaining to the Bank's activities are regularly posted on the website.

The Bank's Articles of Association do not recognize the appointment of a special auditor as an individual right. Article 17 of the Bank's Articles of Association, which states "For matters that are not addressed in these Articles of Association, related provisions of the Bank's Charter Act No. 4456, Turkish Commercial Code, Capital Markets Law and Banking Law apply" refer to the arrangements stipulated in the mentioned legislations with respect to the appointment of a special auditor. The Bank did not receive any requests for the appointment of a special auditor in 2009.

### 4. Information about General Assembly

The Ordinary General Assembly Meeting regarding the Bank's activities in 2008 was held on April 22, 2009 with the representation of 15,853,072,096.5 shares out of the 16,000,000,000 outstanding shares (99.08 %) and the participation of media representatives. Since the Bank's share certificates are listed on the Istanbul Stock Exchange and registered by the Central Registry Agency, the invitation to the shareholders for attending the General Assembly Meeting was announced in the Turkish Trade Registry Gazette issue No. 7285 dated April 6, 2009 and in the daily Star and Referans newspapers on April 4, 2009 in



accordance with the related legislation. In addition, the invitation was extended to the national media with a Press Bulletin issued on April 20, 2009 and to the public via the Bank's website; as a result, the Bank made all the announcements mandated by the public disclosure-related legislation.

In accordance with the related legislation; the balance sheet, income statement, Annual Report of the Board of Directors, Statutory Auditors' report and the independent audit report for the year the meeting is being held in regard to were made available in the location of the meeting for the examination of the shareholders prior to the Ordinary General Assembly meeting. Shareholders did not exercise their right to ask questions during the General Assembly meeting regarding the Bank's 2008 activities. The suggestions for the agenda were provided by the representative of the controlling shareholder and the agenda was approved unanimously.

In addition, an Extraordinary General Assembly Meeting regarding the Bank's activities in 2009 was held on January 30, 2009 with the representation of 15,853,045,231.7 shares out of the 16,000,000,000 outstanding shares (99.08 %). The invitation to the shareholders for attending the Extraordinary General Assembly Meeting was announced in the Turkish Trade Registry Gazette issue No. 7226 dated January 13, 2009 and in the daily Referans and Star newspapers on January 13, 2009 in accordance with the related legislation. In addition, the invitation was extended to the public on the Bank's website and all the announcements mandated by the public disclosure-related legislation were made. Shareholders did not exercise their right to ask questions during the Extraordinary General Assembly meeting. The suggestions for the agenda were provided by the representative of the controlling shareholder and the agenda was approved unanimously.

There is no provision in the Articles of Association stipulating that important decisions, such as the sale, purchase or lease of a significant amount of property be taken by the General Assembly. Since the Bank was chartered by legislation and is a state-owned enterprise, these kinds of decisions are subject to the approval of the State Ministry that oversees it or legislative amendment in certain circumstances.

The minutes of General Assembly meetings are published in the Trade Registry Gazette and can also be reached on the Public Disclosure Platform (KAP) website ([www.kap.gov.tr](http://www.kap.gov.tr)).

#### 5. Voting Rights and Minority Rights

The Bank's Articles of Association do not provide for privileges with respect to voting rights. The companies with which the Bank has participation relations did not vote in the General Assembly. The Bank's Charter Act and Articles of Association do not provide for the representation of minority shares in management or the cumulative voting system.

#### 6. Profit Distribution Policy and the Timing of Dividend Payment

There are no privileges in participating in the Bank's profit. Pursuant to the Bank's Charter Act and Articles of Association;

"A first dividend is paid from the Bank's distributable profit, calculated by setting aside provisions for taxes and other legal obligations from the gross profit, in accordance with the provisions of the Turkish Commercial Code, Banking Law and other related legislation.

A portion of up to 5% of the profit remaining after the first dividend distribution as determined by the General Assembly, shall be set aside as a bonus dividend for the employees to be distributed in accordance with the principles set by the Board of Directors, not to exceed three months of gross salary of employees. After

other deductions and legal reserves stipulated by the Turkish Commercial Code and the General Assembly are also set aside, the remaining amount is distributed to the shareholders as second dividend by the General Assembly."

Accordingly, the Bank's Board of Directors presents its profit distribution proposal for the approval of the shareholders at the General Assembly.

The distribution of profit is made in accordance with the decision of the General Assembly and within the time frame stipulated by legislation.

#### 7. Transfer of Shares

The Bank's Articles of Association do not contain any provisions restricting the transfer of shares.

### SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

#### 8. Information Disclosure Policy of the Company

The Bank's Information Disclosure Policy, put together in accordance with CMB's Communiqué Series VIII No: 54 regarding Principles of Public Disclosure of Material Events as well as the Corporate Governance Principles, was approved by the Board of Directors' resolution No. 92 dated April 29, 2009 and has been posted on the Bank's website since May 1, 2009.

The Bank's Information Disclosure Policy was prepared in accordance with the provisions of the Banking Law and Turkish Commercial Code; the regulations of the Banking Regulation and Supervision Agency (BRSA), Capital Markets Board (CMB) and Istanbul Stock Exchange (ISE); and the Corporate Governance Principles Compliance Report that was approved by the Bank's Board of Directors and published in the Annual Report. The purpose of the Bank's Information Disclosure Policy is to establish active and transparent communications with all participants of capital markets, regulatory authorities and other persons and institutions.

The primary objective of the implementation of the information disclosure policy is to disclose all financial and non-financial information, other than commercial, Bank or customer secrets, that can or has the potential to impact the value of the Bank's publicly-traded capital markets instruments (shares and other securities) and investors' investment decision to the shareholders, clients, creditors, investors, employees and all interested parties in a timely, complete, comprehensible, easy to analyze manner at lowest possible cost and to facilitate equal access to this information.

The Bank's Board of Directors is authorized for and charged with overseeing, supervising and improving the implementation of the Bank's Information Disclosure Policy.

Implementations of the Bank's Information Disclosure Policy are conducted under the supervision of the Corporate Governance Committee on behalf of the Board of Directors. The Committee consists of two non-executive members of the Bank's Board of Directors as chairman and vice chairman; and managers of related departments, the Executive Vice Presidents these departments report to and the Bank's Capital Markets Law Compliance officers as members. The secretarial tasks of the Committee are carried out by the Corporate Banking and Investments Department, which also performs the functions of the Investor Relations Unit. Corporate Banking and Investments Department is in constant contact with other departments of the Bank in accordance with the Information Disclosure Policy.

The Financial Affairs Department and the Budget and Reporting Department are responsible for the announcement of annual and quarterly financial statements and their accompanying notes regarding the Bank's financial position as well as the annual reports.

The loans offered by the Bank, terms of these loans, loan operations mechanism, methods and documents for loan applications are announced on the Bank's website. Quarterly financial statements and independent audit reports regarding the Bank's financial position are made available on the Bank's website as well as on the Istanbul Stock Exchange (ISE) websites. The Public Disclosure Platform, which was established pursuant to the CMB Communiqué on Principles of Public Disclosures by Intermediary Institutions, is periodically published on the website of The Association of Capital Market Intermediary Institutions of Turkey (TSPAKB).

The text of the Charter Act No. 4456 and the Articles of Association, organization structure, annual reports, as well as sector research reports and regional investment opportunities and areas research reports that are prepared in accordance with the Bank's mission are posted on the Bank's website for the information of the public.

In addition to the rules stipulated by the laws and regulations it is subject to, the Bank has adopted the principle of disclosing information to the public, provided that doing so is in line with its mission and such information is not a trade secret.

In 2009; Pursuant to Law No. 4982 on the Right to Information and the Regulation on Procedures and Principles Regarding its Implementation, 327 applications submitted to the Right to Information Unit received replies.

Pursuant to the Office of the Prime Ministry Circular No. 2006/3, published in the Official Gazette issue No. 26055 dated January 20, 2006, 47 applications were responded to via the Prime Ministry Communication Center (BİMER)'s Prime Ministry direct application.

## 9. Material Event Disclosures

The Bank makes timely announcements when circumstances require material event disclosures. 34 material event disclosures were made in 2009. These disclosures are posted on the Bank's website no later than the business day following their publication on the Public Disclosure Platform.

No follow-up disclosure requests were made by the CMB or the ISE regarding the Bank's material event disclosures.

## 10. Company Website and Its Content

The Bank's website ([www.kalkinma.com.tr](http://www.kalkinma.com.tr)) contains the following information:

- Text of the Charter Act and Articles of Association
- Management structure
- Corporate and financial information
- Announcements
- Organization structure
- Annual reports
- Periodic financial statement and reports
- Contact information
- Social responsibility activities
- Human resources
- Information on capital markets services for investors
- Loans offered by the Bank, terms of these loans, loan operations mechanism, methods and documents for loan applications

The Bank continues to improve and enhance the website to facilitate effective exercise of shareholder rights.

### 11. Disclosure of Real Person Controlling Shareholder(s)

There is no real person who holds a controlling majority of the Bank's share capital.

### 12. Public Disclosure of Persons with Access to Insider Information

The List of Persons with Access to Insider Information, which was put together in accordance with the provisions of the CMB's Communiqué Series VIII No: 54 on Principles of Public Disclosure of Material Events, was approved with the Bank's Board of Directors' resolution No. 92 dated April 29, 2009. The list consists of real persons and corporate entities who act on behalf or account of the Bank, persons who work for the Bank pursuant to an employment contract or via another arrangement are chosen based on duties, authorities and responsibilities and have regular access to insider information and persons who have administrative responsibilities. In accordance with the stipulations of the legislation, the List of Persons with Access to Insider Information is kept up-to-date to be sent to the CMB and the related exchange upon request.

## SECTION III - STAKEHOLDERS

### 13. Informing the Stakeholders

The Bank expends best effort in providing its services in an honest, reliable, comprehensible, timely and impartial manner to employees, creditors, clients and all interested parties. The Bank respects the principle of confidentiality by not disclosing the information it obtains due to its business relations to anybody other than the bodies laws and regulations allow.

The stakeholders and the media are informed verbally, directly in writing and through the electronic media as part of the Bank's Information Disclosure Policy practices. The Bank employs the following methods and tools to inform stakeholders:

- Material Event Disclosures submitted to the Public Disclosure Platform
- Financial statements and their

accompanying notes, independent audit reports and declarations submitted to the ISE and the CMB on a periodic basis

- Annual and interim activity reports
- Notices and announcements published in the Turkish Trade Registry Gazette and daily newspapers in certain circumstances (capital increase, General Assembly meetings, etc.)
- The Bank's website <http://www.kalkinma.com.tr>
- Press announcements made during the year via the print and visual media
- Announcements made to data distribution institutions
- Information requests received in writing or via electronic environment

In addition, the Bank conducts informational meetings for employees regarding the Bank's activities, objectives and goals.

### 14. Stakeholders' Participation in Management

Stakeholders do not participate in management.

### 15. Human Resources Policy

The Bank employs personnel who are not subject to the provisions of the Civil Servants Law No. 657 or the contract personnel provisions of other related laws.

Recruitment, duties and authorities, qualifications, appointment, advancement, promotion, termination methods, discipline principles, responsibilities, titles and number of the Bank's personnel are governed by the Bank's Personnel Bylaws.

The following principles form the basis of the establishment and implementation of the Bank's Human Resources Policy:

- Choosing and recruiting personnel who possess the qualifications needed for the job and training personnel in accordance with the requirements of their jobs,

- Supporting creativity, entrepreneurialism, success and efforts of employees, financially and emotionally,
- Encouraging personnel to work in accordance with principles of efficiency and profitability and with conservation awareness,
- Informing personnel promptly in matters that are of interest to them and establishing the methods and opportunities of communication to ensure that the personnel can express their opinions and thoughts to the management easily,
- Increasing personnel loyalty to the Bank and meeting their social and cultural needs, supporting their duties, efforts and activities and ensuring that all employees have equal access to social services and assistance, thus increasing productivity and making the Bank an attractive place to work,
- Being respectful to the employees and safeguarding their personal rights and
- Evaluating the personnel's overall condition and annual work, monitoring them with confidential credential reports in accordance with objective criteria and a sense of fairness.

In accordance with the provisions of the Civil Servant Unions Law No. 4688 and other related legislation, at the Corporate Management Council meetings held with joint participation of the Bank representatives and the representatives of the unionized employees, recommendations aimed at improving the social and personal rights of all employees and their working conditions are developed.

### 16. Information on Relations with Clients and Suppliers

The Bank extends the resources it secures to clients as investment and working capital loans in accordance with the principles of profitability, productivity and social benefit. The terms of the loans offered by the Bank are posted on the website at [www.kalkinma.com.tr](http://www.kalkinma.com.tr).

The Bank informs its clients at Regional Loan Information meetings organized in various provinces jointly with Chambers of Industry and Commerce and Organized Industrial Zone Administrations as well as via customer visits in various investment regions and by participating in various industry fairs and events.

All Asset Management and Capital Markets transactions are conducted with clear instructions from the clients.

### 17. Social Responsibility

As Turkey's development bank, the Bank is fully cognizant of the importance of environmental awareness for achieving sustainable development. To this end, Türkiye Kalkınma Bankası participated in many fairs, congresses, conferences and workshops in renewable energy, environment and energy efficiency and closely monitored the developments in these areas; in addition, the Bank contributes to these platforms by sharing its experience and know-how via presentations and reports.

In 2009, the Bank presented many papers in various platforms highlighted by the ICCI 2009 15th International Energy and Environment Fair and Conference and the Carbon Markets Turkey, South Caucasus and Central Asia Conference. In addition, the Bank generated extensive reports as a result of the multi-faceted studies it has conducted in Carbon Capture and Storage, Biodiesel and Biogas, Insulation Materials and Production Technologies, Photovoltaic Technology, Prevention and Elimination of Pollution of Water Resources Research, Agricultural Irrigation Methods Research, Gasification Technology and Biofuels; Bioethanol, Biodiesel and Biogas.

By providing financing support for the realization of environmental investments, the Bank fulfills its social responsibility while contributing to the implementation of environmental policies, which are an integral part of sustainable development. In this respect, the Bank supports investment for industry, tourism, renewable energy and energy efficiency while making sure that these investments are environmentally friendly; priority is given to investments producing the lowest amount of greenhouse gas emissions.

The Bank's environmental initiatives are not limited to supporting environmentally friendly investments and contributing to the creation and widespread adoption of environmental awareness. The Bank is committed to sustaining and activating this awareness and environment-oriented approach starting with its own employees. To this end, the efforts that were initiated towards the end of 2009 for equipping the Bank with the TS EN ISO 14001 Environmental Management System continued throughout 2009 at an accelerated pace. After being trained by the TSI, the Bank in turn trained employees who will be working actively with system installation; all employees were informed about the initiative. By aiming to get the system installed by its own personnel, the Bank ensured that environmental awareness is internalized by its own personnel as well as active, effective participation. As part of this effort, intensive training sessions pertaining to system documentation efforts and application were conducted and various physical deficiencies were resolved. The system was implemented at the beginning of 2010 and the Bank is planning to obtain the TS EN ISO 14001 Certificate in the first

half of 2010. The Bank focuses on renewable energy in its lending policy and expends best effort to comply with environmental regulations. In this respect, the Bank provided financing to the project for generating electricity from Istanbul's landfill gas, which is the largest landfill gas to energy facility in Europe and the Middle East. This facility eliminates the emission of methane gas and achieves an average annual reduction of 1 million tons of carbon emissions, which already made a great contribution to the greenhouse gas emission reduction target of Turkey, which is a signatory to the Kyoto Protocol.

The Bank produced the Culture Tourism in Turkey Report in an effort to contribute to culture and tourism. In addition, as part of the Istanbul 2010 Capital of Culture project, the Bank entered into an apex banking financing support agreement to raise the quality of SME-owned tourist accommodation facilities in Istanbul.

At the Art Gallery operated in the Bank's Head Office building to contribute to the development of arts and culture, the work of 12 artists including ceramics, paintings and photographs were exhibited during 2009.

A number of social activities are conducted by the Bank for the benefit of the public. In this scope, a kindergarten is operated by the Bank for children between the ages of three and six, the library of the Bank is kept open for the public and the participation of the Bank's employees in campaigns such as blood donation is encouraged. In addition, the Bank supports personnel involvement in cultural activities.

There is no lawsuit filed against the Bank for causing environmental harm.

**Board of Directors\***

Name	Duty	Commencement Date of Duty	Employers Outside of the Bank
Abdullah ÇELİK	Chairman of the Board of Directors and CEO	December 19, 2005	-
Ahmet YAMAN	Vice Chairman of the Board of Directors	May 2, 2008	State Planning Organization Corporate Governance Committee Chairman Deputy Undersecretary
Hakan TOKAÇ	Member of the Board of Directors	May 1, 2007	Undersecretariat of Treasury Corporate Governance Committee Vice Chairman Deputy General Manager of Public Finance
İrfan TOKGÖZ	Member of the Board of Directors	May 2, 2008	Undersecretariat of Treasury Audit Committee Chairman Deputy General Manager of Foreign Investments
Özcan TENGİLİMOĞLU	Member of the Board of Directors	May 2, 2008	Türksat, Finance Director Audit Committee Vice Chairman
Mehmet AYDIN	Member of the Board of Directors	March 2, 2009	Public Procurement Authority, Vice President
Şerif ÇELENK	Member of the Board of Directors	March 2, 2009	Retired Banker

**Audit Committee\*\***

Name	Duty	Commencement Date of Duty	Employers Outside of the Bank
Mustafa GÜNEŞ	Audit Committee Member	April 30, 2008	Ministry of Finance Revenue Administration, Vice President
Ferhat KARAŞ	Audit Committee Member	January 28, 2010	Office of the Prime Ministry Internal Audit Board, Vice President

**SECTION IV - BOARD OF DIRECTORS****18. The Structure and Composition of the Board of Directors and Independent Members**

The composition of the Bank's Board of Directors is stipulated by the Charter Act No. 4456. The Board of Directors is composed of seven members, six members elected by the General Assembly from among shareholders and the CEO. Pursuant to the Charter Act, the CEO is also the Chairman of the Board of Directors.

The members of the Bank's Board of Directors are elected in accordance with the conditions stipulated by Turkish Commercial Code, Banking Law No. 5411 and the Bank's Charter Act No. 4456.

**19. Qualification of the Members of the Board of Directors**

The members of the Board of Directors meet the conditions stipulated by Banking Law No. 5411, Law No. 4456 and the Articles of Association of the Bank while also possessing the qualifications mandated in Article 3.1 of Section IV of the Corporate Governance Principles of the Capital Market Boards.

\* Zekai Işıldar and Adnan Yalçın served as members of the Board of Directors between the terms May 2, 2008 - January 15, 2009 and May 2, 2008 - January 29, 2009, respectively.

\*\* Mehmet Aydın, Bahri Kızılkaya, Mahmut Hadi Ekici served as members of the Audit Committee between the terms April 30, 2008 - January 20, 2009, April 30, 2008 - December 30, 2009, and February 20, 2009 - February 15, 2010, respectively.



## 20. The Bank's Mission, Vision and Strategic Objectives

Law No. 4456 establishing the Bank defines the objectives and areas of operation of the Bank as “extending loans to enterprises organized as joint stock companies based on the criteria of profitability and productivity, providing them with financial and operational support by participating in them, channeling domestic and foreign savings into development-oriented investments, contributing to the development of the capital markets, financing domestic, foreign and international joint investments and performing all kinds of development and investment banking functions in order to promote Turkey's development.”

The Bank's mission and vision were adopted by the Board of Directors and have been publicly announced on the Bank's website.

### The Bank's mission is;

In accordance with the aim of facilitating development and sustainable growth of Turkey, to increase employment, income and welfare by supporting the investments of the enterprises organized as joint stock companies by providing loans secured from domestic and international sources, directly participating in leader/model enterprises, providing technical assistance support to entrepreneurs and facilitating the development of capital markets.

### The Bank's vision is;

As the pioneer for development and sustainable growth, to become an international-scale development and investment bank that supports investments on the basis of region, sector and technology, finances them effectively and quickly and supports investors by empowering and encouraging them, including providing technical assistance.

The mission, vision and strategic targets of the Bank are approved by the Board of Directors and the annual budget is prepared in accordance. The Bank's strategic targets are in compliance with the strategic objectives of the Bank and are formulated as sub-objectives of each objective. Strategic targets are satisfactory, common, logical, clear, attainable and numerical attributes set with maximum level of participation from related units.

The statements, which consist of the Bank's activities, level of attainment of objectives and information on past performance and organized on the basis of departments/activities, are provided alongside monthly and annual activity reports as part of the annual business plan and budget. Monthly reports are submitted to the Board of Directors for information while the annual business plan and budget are submitted to the Board of Directors for approval. In addition, semi-annual performance reports are produced.

## 21. Risk Management and Internal Control Mechanism

The risk management and internal control mechanism of the Bank was established in 2001 in accordance with the provisions of the Regulation on the Banks' Internal Control and Risk Management Systems published by the Banking Regulation and Supervision Agency (BRSA) pursuant to the related article of the Banking Law. It was reorganized later in accordance with the requirements of the Regulation on the Banks' Internal Systems that was published pursuant to the Banking Law No. 5411, which was put into effect in 2005. In the scope of the reorganization in question, the Executive Risk Committee was abolished and a new Audit Committee that consists of non-executive members of the Board of Directors was set up. Internal Audit Board and Internal Control and Risk Monitoring Departments, which are part of the internal systems, report to the Board of Directors via this Committee. Audit Committee is responsible for providing effectiveness and adequacy of these internal systems units.

The Bylaws of the Bank's Internal Audit Board, which were revised based on the Regulation on the Banks' Internal Systems that was published by the BRSA, stipulate in detail the duties, authorities and responsibilities of the Internal Audit Board and its inspectors, who perform the Bank's internal audit tasks. Pursuant to Article 31 of the related regulation published by the BRSA, the reports submitted to the Internal Audit Board as a result of the audits and inspections of departments and processes are submitted to the Board of Directors via the Audit Committee after they are reviewed by the Internal Audit Board. However, pursuant to the Bank's Board of Directors' resolution No. 65 dated February 19, 2007, the Committee was authorized to submit only the reports it deems necessary to the Board of Directors.

The Internal Audit Board submits quarterly activity reports to the Audit Committee regarding its activities. These activity reports present information about completed and ongoing audits and inspections as well as summary of information systems audits, reports of deficiencies in internal control, other activities and trainings conducted for inspectors. The annual activity report covering the activities of the Internal Audit Board for the entire year is submitted to the BRSA after it is approved by the Board of Directors; the Risk Assessment Report and the Risk Matrix, which are prepared by the Internal Audit Board annually in accordance with the risk-based audit approach, as well as the Internal Audit Plan, are also submitted to the BRSA after they are approved by the Board of Directors.

In order to safeguard the Bank's internal control activities, the Internal Control Department conducts daily, weekly and monthly controls at the executive departments that have a direct impact on the Bank's profit and loss as of the results of their functions via the pre-determined standard control points. As a result of the internal control activities, measures that need to be taken are planned in coordination with the related departments; improvements are made on a continuous basis. The internal control activities are reported to the Audit Committee, the Head Office and the Internal Audit Board on a monthly basis.

The risk policy followed by the Bank since the risk management systems were established at the Bank can be summarized as specializing in areas of business that are consistent with its function, mission and structure and taking only those risks that can be identified, controlled and/or managed in this respect. The Bank's risk management is conducted under the oversight of committees that are formed based on their areas of activity. Accordingly, the Assets and Liabilities Management Committee formulates the Bank's risk policy with respect to its current assets and foreign currency position in general, while the Loans and Participations Committee establishes the principles associated with credit risks.

The Risk Monitoring Department identifies and measures the risks the Bank might be exposed to presently and in the future and identifies their current and future potential impacts. In this regard, in the reports that are prepared by Risk Monitoring Department (other than those that are submitted to the Banking Regulation and Supervision Agency), credit and market risks are measured by using various tables and calculations and these reports are presented to the

Audit Committee, which convenes at least once a month. The reports that are presented to the Committee are also distributed to the members of the Board of Directors and monthly presentations are made for the Board of Directors. As a result, both the executive and governance mechanisms of the Bank are informed about the Bank's risk position.

Bank risks are monitored in accordance with risk definitions that are defined pursuant to BRSA regulations and reported periodically as well as the Türkiye Kalkınma Bankası A.Ş. Risk Monitoring Format that is prepared on a monthly basis by the Bank's Risk Monitoring Department. This format was developed by the Bank's Risk Monitoring Department is aimed at studying, defining, forecasting the development trend of risk to which the Bank may be exposed in its core business areas of lending and asset management as well as formulating scenarios for future periods. Based on this format, the Bank's risks are categorized under six main groups: 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 Executives**

The duties and responsibilities of the members of the Board of Directors are specified by Law No. 4456 and the Articles of Association that were put together in accordance with this law and approved in amended form at the General Assembly meeting held on May 12, 2000.

The basic duty of the Bank's Board of Directors is to facilitate the accomplishment of the objectives stipulated in the legislation and formulated within the framework of General Assembly resolutions, related legislation, development plan and annual programs Development Plans and Annual Programs.

The duties of the Board of Directors and the duties and authorities of the CEO are stipulated by Law No. 4456 and the Bank's Articles of Association. The duties and authorities of the executives are determined by the Board of Directors in accordance with Regulation on Tasks, Authorities, Responsibilities and Organization Principles.

The Board of Directors;

- Resolves to extend loans to companies, participate in their capital, establish new companies under the leadership of the Bank, divest and buy back the shares of subsidiary companies and issue profit guarantees.
- Resolves to open and shut down representation offices, branches and liaison offices in Turkey and abroad.
- Makes the necessary decisions and takes measures to provide financial resources for the Bank.
- Approves, monitors and revises, when necessary, medium and long-term plans and annual business programs prepared according to article 9 of the Law.
- Prepares the annual report, balance sheet, profit and loss statement and profit distribution proposal and then submits them to the General Assembly for approval.
- Establishes the organization and operating methods for the effective operation of the Bank's business and activities and makes decisions on regulations.
- Appoints senior executives upon the recommendation of the CEO and determines their duties and authorities.
- When the Chairman of the Board of Directors or the CEO post is vacant for a period of time no longer than six months, the Board chooses another member of the Board of Directors who will fill in for the Chairman and the Executive Vice President who will fill in for the CEO and presents it for the approval of the Minister.



- Selects the candidates for Board of Directors members and for Statutory Auditors in the Bank's subsidiaries from among people who are experts in their respective fields.
- Carries out other duties stipulated by legislation.

If the Board of Directors considers it necessary, it can transfer some authority to the CEO by specifying the limits. The CEO reports to the Board of Directors at its first meeting about his/her actions regarding the issues he/she was authorized. The transfer of authority does not release the Board of Directors from responsibility.

### 23. Operating Principles of the Board of Directors

Law No. 4456 and the Articles of Association of the Bank stipulate that the Board of Directors convene at least twice a month with a majority of its members, that the resolutions be passed with a unanimous decision of this majority when the Board of Directors meets with a majority, that the members are not allowed to cast an abstaining vote on any issue and that in the case of equality of votes in any voting, the vote of the Chairman be regarded as two votes. The members of Board of Directors are not furnished with the right to veto.

The procedure of communicating information to the Chairman and members of the Board of Directors is conducted by the Executive Assistant and the Board of Directors Secretariat. The dates and agenda of the Board of Directors meetings are determined by the Chairman of the Board of Directors and the CEO.

The files that are prepared according to the agenda of the meeting are delivered to the members by the Executive Assistant and the Board of Directors Secretariat. The decisions taken at the meetings after the discussions are recorded in the Board of Directors Decision Book in accordance with the related legislation. Opposing votes are taken in writing with their justifications and are also recorded in the Decision Book.

Members attend Board of Directors meetings in person.

The Board of Directors convened for 25 meetings in 2009 and passed 313 resolutions, 74 of which were interim resolutions.

### 24. Prohibition of Transaction and Competition with the Company

The members of the Board of Directors are prohibited from transacting or competing with the Bank.

### 25. Code of Ethics

An Ethics Commission was established within the Bank pursuant to article 29 titled "Ethics Commission" of the "Regulation on Codes of Ethical Conduct for Civil Servants and Application Procedures and Principles" published by the Office of the Prime Ministry in the Official Gazette issue No. 25785 dated April 13, 2005. It became effective on this date and with the approval of the Head Office, dated April 22, 2005 and numbered 1165. In accordance with article 23 of the same regulation with the title "Adhering to Ethical Conduct Principles" the "Ethics Contract" contained in the appendix of the regulation was signed by all Bank employees and placed in their personal files. In addition, the Bank is also a signatory to the Banking Ethics Principles that were declared by the Banks Association of Turkey on July 26, 2006.

### 26. Number, Structure and Independence of Committees Established by the Board of Directors

#### Audit Committee

An Audit Committee was formed within the Board of Directors pursuant to article 24 of the Banking Law No. 5411 and Regulation on the Banks' Internal Systems, with the Bank's Board of Directors' resolution No. 227 dated October 31, 2006 in order to assist the Board of Directors in conducting its audit and oversight activities.

Board of Directors members, İrfan TOKGÖZ and Özcan TENGİLİMOĞLU, were elected to the Audit Committee with the Board of Directors resolution No. 98 dated May 12, 2008. At the Audit Committee meeting No. 2008/5 held on May 21, 2008, İrfan TOKGÖZ and Özcan TENGİLİMOĞLU were appointed Chairman and Vice Chairman of the Committee, respectively.

The Audit Committee conducts its activities in accordance with the Audit Committee Operating Procedures and Principles that were approved by the Board of Directors' resolution No. 36 dated January 24, 2007. The Committee convened for 13 meetings in 2009.

#### Audit Committee

Chairman: İrfan TOKGÖZ

Vice Chairman: Özcan TENGİLİMOĞLU

### Corporate Governance Committee

Corporate Governance Committee was formed with the Bank's Board of Directors' resolution No. 185 dated June 15, 2007 in accordance with the "Regulation on the Bank's Corporate Governance Principles" issued by the Banking Regulation and Supervision Agency and published in the Official Gazette No. 26333 dated November 1, 2006 and the "Corporate Governance Principles" issued by the Capital Markets Board, to conduct studies for determining principles of the Bank's corporate governance policy, to oversee compliance with Corporate Governance Principles, to carry out initiatives to make improvements in this respect and to make recommendations to the Board of Directors. The Operating Procedures and Principles of the Corporate Governance Committee were established and put in effect by the Board of Directors' resolution No. 209 dated July 24, 2007; the Committee conducts its activities within this framework.

Since May 12, 2008, the Chairman of the Committee is Ahmet Yaman, a non-executive member of the Board of Directors; in his absence Hakan Toka , also a non-executive member of the Board of Directors as well as the Vice Chairman of the Committee, chairs the committee.

Corporate Governance Committee convened for three meetings during 2009.

Corporate Governance Committee is continuing to conduct efforts toward improving the Bank's corporate governance practices.

### Corporate Governance Committee

Chairman: Ahmet YAMAN Vice

Chairman: Hakan TOKA 

Members: Executive Vice Presidents the Committee member departments report to

Corporate Banking and Investments Manager, Human Resources Manager, Budget and Reporting Manager, Strategic Planning and Quality Management Manager, Financial Affairs Manager, Information Technology Manager, Capital Markets Legislation Compliance Officers (pursuant to Capital Markets Board Communiqu  Series IV No: 41.

### 27. Remuneration of the Board of Directors

The salaries of the members of the Board of Directors are determined by the General Assembly. They are not entitled to any other compensation; however, personnel loans are made available to the members of the Board of Directors according to the rules applied for Bank's personnel as prescribed by the Personnel Loan Regulation. Aside from these loans made within the frame of the banking legislation, no loan or any other form of debt entry has been extended to any member of the Board of Directors or executive, directly or through a third person, nor is e any guarantee or collateral given in their favor.

## Statutory Auditors' Report

TO THE 2009 ORDINARY GENERAL ASSEMBLY OF TÜRKİYE KALKINMA BANKASI A.Ş.

Türkiye Kalkınma Bankası A.Ş., headquartered at Necatibey Cad. No: 98 - Bakanlıklar/ Ankara TURKEY; is engaged in extending loans to enterprises organized as joint stock companies based on the criteria of profitability and productivity, providing them with financial and operational support by participating in them, channeling domestic and foreign savings into development-oriented investments, contributing to the development of the capital markets, financing domestic, foreign and international joint investments and performing all kinds of development and investment banking functions in order to promote Turkey's development.

This report was prepared to inform the Ordinary General Assembly of the situation observed by Mustafa Güneş and Ferhat Kardeş, the Statutory Auditors of the Bank, after examining the transactions of the Bank between January 1, 2009 and December 31, 2009.

The Bank's balance sheet prepared as of December 31, 2009, income statement for the fiscal year ending on the same date, cash flow statement, change in shareholders' equity statement and other explanatory notes have been analyzed.

As the Statutory Auditors, we have examined the proposals submitted to the Bank's Board of Directors beforehand and either all or at least one of the Statutory Auditors attended all meetings of the Board of Directors. In addition, the Statutory Auditors held meetings amongst themselves in relation to the Bank's activities when necessary.

The accounts and transactions of the Bank for the period between January 1, 2009 and December 31, 2009 were examined through legal books and documents in accordance with the Turkish Commercial Code, Articles of Association of the Bank and other regulations as well as generally accepted accounting principles and standards; quarterly investigations and inspections were performed pursuant to tax legislation and commercial law. In addition, cash balance and valuable papers balance were checked, the Bank's valuable papers balance was audited for compliance with the records in legal books and no cause for criticism was observed. During the same period, the Board of Statutory Auditors was not notified of any denouncements or complaints.

When the records and transactions pertaining to the Bank's financial statements were evaluated together with the Independent Audit Report, it was determined that;

- Financial statements are prepared in compliance with the Turkish accounting standards with respect to the Regulation on Procedures and Principles Regarding the Banks' Accounting Practices and Preservation of Documents,
- Financial Statements are prepared in accordance with the "Obligation for Preparation of Consolidated Financial Statements" communiqué on Preparation of Banks' Financial Statements,
- Financial Statements are consistent with the financial position of Türkiye Kalkınma Bankası A.Ş. as of December 31, 2009 and operation results and cash flows for the fiscal year ending on the same date are in compliance with the related legislation and reflect the true situation.

Accordingly, as the Statutory Auditors, we have determined that the transactions performed are also consistent with the Independent Audit Report. The balance sheet prepared as of December 31, 2009, the income statement for the period between January 1, 2009 and December 31, 2009 reflect the operation results related to the above mentioned period truly and accurately; the profit distribution proposal complies with the laws and the Bank's Articles of Association.

It is concluded that consolidated financial statements of the accounts and transactions of Türkiye Kalkınma Bankası A.Ş. and its subsidiary Kalkınma Yatırım Menkul Değerler A.Ş. for the period between January 1, 2009 and December 31, 2009 are consistent with consolidated financial statements, that their operation results are in compliance with accounting principles and standards and related legislation and that they reflect the true situation.

We kindly offer for your approval the Bank's financial statement and our request that the Board of Directors be released from liability.

STATUTORY AUDITORS



**Ferhat KARDEŞ**



**Mustafa GÜNEŞ**

## Assessment of the Audit Committee regarding the Operation of Internal Control, Internal Audit and Risk Management Systems and its Activities during the Fiscal Year

Türkiye Kalkınma Bankası Audit Committee conducts its activities within the framework of the provisions of Regulation on Banks' Internal Systems that was issued by the Banking Regulation and Supervision Agency and published in Official Gazette issue No. 26333 dated November 1, 2006. The Internal Audit Board and Internal Control and Risk Monitoring Departments, which are part of the internal systems, report to the Board of Directors via the Audit Committee.

The authorities and responsibilities of the members of the Audit Committee consist of reporting the results of its operations to the Board of Directors at least once every six months; and providing its opinions regarding the measures that need to be taken at the Bank, the practices and applications needed in the Bank and other matters that are important for the Bank's activities to be conducted with confidence in these reports.

The membership of the Board of Directors was reconstituted at the 2009 Ordinary General Assembly Meeting. Of these members; İrfan Tokgöz and Özcan Tengilimoğlu, who do not have executive responsibility in the Bank, were elected Audit Committee members and continued to perform this duty throughout the 2009 fiscal year as well.

The Audit Committee reports for the second half of 2008 and the first half of 2009 were accepted by the Board of Directors during the 2009 fiscal year; the Internal Control Department is responsible for overseeing and coordinating the tasks and activities in these reports.

In 2009, the activities performed by the departments that report to the Audit Committee were monitored and the reports and suggestions presented were evaluated. The activities performed by these units are spelled out below.

**Internal Audit Board:** The Bank's internal audit activities are conducted by the Internal Audit Board.

The quarterly activity reports on the activities conducted by the Bank's Internal Audit Board are submitted to the Audit Committee. The Annual Activity Report is sent to the Banking Regulation and Supervision Agency after it is approved by the Bank's Board of Directors.

The Internal Audit Board drafted 22 reports during the year: 13 internal audit reports with replies, two IT reports, one internal control activity assessment report, four analysis reports and two investigation reports.

**Internal Control Department:** The monthly activity reports that are drafted by the Internal Control Department as a result of the inspections it performs at operational units are discussed and evaluated at the Audit Committee meetings.

The Internal Control Department communicates the problems and deficiencies it identifies during the course of its control activities to the related departments, ensures their correction before the financial reports are prepared and tries to implement necessary measures in coordination with the related departments so the same errors do not surface again.

The activities of the related departments are reported to the Audit Committee, the Head Office and the Internal Audit Board on a monthly basis. 12 internal control activity reports were drafted between January and December of 2009.

**Risk Monitoring Department:** Risk that Türkiye Kalkınma Bankası is currently or potentially exposed to is monitored by the Risk Monitoring Department. The Department presents its assessments via the Risk Analysis of Türkiye Kalkınma Bankası Based on Selected Indicators and Risk Groups report that is drafted on a monthly basis.

Analysis of liquidity risk, exchange risk, interest rate risk, maturity risk, credit risk and operational risk are performed and presented as part of this report, which is structured around the risk definitions that are announced in certain intervals in accordance with BRSA regulations. After it is reviewed by the Audit Committee, this report is also presented to the Board of Directors, the Assets and Liabilities Management Committee and the Internal Audit Board. 12 risk analysis reports were drafted during 2009.



**Özcan TENGİLİMOĞLU**

Member of the Audit Committee



**İrfan TOKGÖZ**

Member of the Audit Committee

## Information about Risk Management Policies

Within the framework of the regulations and limitations of the BRSA, Türkiye Kalkınma Bankası employs best industry practices and manages its credit risk in accordance with the amount, quality and level of sophistication of its loans

The Bank conducts its risk management and internal control functions in accordance with the provisions of the BRSA Regulation and the Banking Law No. 5411.

The Bank's risk policy consists of the following principles:

- Specializing in areas of business that are consistent with its function, vision and structure established by the Charter Act;
- Taking only those risks that can be identified, controlled and/or managed,
- Trying to avoid taking risk other than those that naturally arise due to the nature of its activities and are unavoidable and
- Ensuring that risk to be taken is defined and manageable and constitutes the basis of the Bank's risk policy.

In addition, the Bank measures the current and potential future impact of the risk it takes to the extent allowed by risk measurement and reporting techniques.

In accordance with article 37 of the Regulation on the Banks' Internal Systems that was issued by the BRSA, the Bank establishes written limits for quantifiable risk that arise as a natural consequence of its activities; these risk limits are approved by the Board of Directors.

### Credit Risk Policy

Within the framework of the regulations and limitations of the BRSA, Türkiye Kalkınma Bankası employs best industry practices and manages its credit risk in accordance with the amount, quality and level of sophistication of its loans.

In this respect, the Bank conducts the necessary measurements, monitoring tasks, stress tests and scenario analyses and the results are reported to the Audit Committee and the CEO. As part of its credit risk management efforts, the Bank takes into consideration the stress test results in formulating its credit policies. Evaluation of new products and services from the perspective of credit risk constitute the fundamental principle of the Bank's policy.

The Bank calculates the amount subject to credit risk in accordance with the Regulation on Measurement and Assessment of Banks' Capital Adequacy that was issued officially by the BRSA. Managing the credit risk so as to attain a standard capital adequacy ratio that is above the legally mandated minimum threshold is a fundamental principle of the Bank in this context.

The Bank's authorized bodies determine which companies to establish a lending relationship with, even though it depends on the type and maturity of the loan being requested. The Bank's Board of Directors is authorized to set the credit risk limits by taking into consideration the counterparty risk.

The Bank submits reports regarding its credit risk to the BRSA within the framework of effective laws and regulations. The Bank continually measures and prices the credit risk it is exposed to or is able to take on in accordance with industry best practices or based on more advanced credit risk models and/or internal rating systems that are offered as alternatives in legal regulations.

The related departments of the Bank monitor loans and establish credit limits. The Bank calculates the amount subject to credit risk based on collaterals that are stipulated in the Regulation on Measurement and Assessment of Banks' Capital Adequacy and that reduce risk weights of loans.

The financial data of the companies, which the Bank has extended loans to and which have suspended or restructured loan payments, are monitored 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 on-site analysis, analyses and evaluations are conducted both in their head offices and at their facilities. A survey report that also encompasses recommendations developed as a result of the analyses and evaluations is drafted. The Bank will carry on with this practice with respect to its impaired loan portfolio.

### Market Risks Policy

Market risk consists of interest rate risk, equity position risk and exchange rate risks that arise as a result of the fluctuations in interest rates, exchange rates and equity prices during the course of the operation of the financial markets; the Bank assesses each of these risks separately.

### Interest Rate Risk Policy

The fundamental principle of the Bank in interest rate risk policy is to minimize or eliminate the mismatch between fixed and variable rate resources and fixed and variable rate loan placements.

With respect to this principle, the Bank takes into consideration the position maturities and probable changes in current interest rates in managing its interest-sensitive assets and optimizes its portfolio by also taking into account alternative returns, acceptable loss and risk limits.

#### Exchange Rate Risk Policy

In an effort to ensure that the Bank has a foreign currency position commensurate with its shareholders' equity, the Bank establishes the relationship and balance between its foreign currency assets and liabilities in accordance with the provisions of the Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis.

The Bank's exchange rate risk policy is based on keeping its Foreign Currency Net General Position/Equity Standard Ratio within the legal limits while also pursuing profitability and productivity within the framework of the Bank's financial position, current economic developments and market trends. To this end, the Bank places its existing foreign currency balance with the best interest rates available and takes advantage of the opportunities that arise in the foreign exchange market at favorable times and conditions for the management of its assets as well as liabilities.

In an effort to manage exchange rate risk in accordance with this policy, the Bank occasionally executes forward, futures and swap transactions for hedging purposes during the course of its assets and liabilities management activities.

#### Liquidity Risk Policy

The liquidity risk becomes the most important risk factor when the structural problem, which is among the fundamental problems of the banking system and arises from funding the long-term loans with short-term resources, is combined with a financial crisis. Therefore, the Bank evaluates the structure of its assets and liabilities with respect to their maturities and determines its projected cash flows. In addition, alternative liquidity calculations are performed by taking into consideration the non-performing loan ratio forecasts. Placing the excess liquidity by taking into account alternative returns and meeting the liquidity need with the lowest cost resources are the fundamental principles of the Bank in this area.

In addition, the Bank attempts to identify risk elements ahead of time by monitoring monthly projected cash flows and balance sheet duration regarding the coverage ratio of medium and long-term liabilities on a continuous basis. When risk-bearing situations come to pass, related departments take the initiative to eliminate the risk.

Türkiye Kalkınma Bankası has adopted it as a priority principle to perform stress tests in order to be able to evaluate ahead of time the impact of adverse developments in parameters that affect the Bank's financial strength on operations and market risks and to use the stress test results in the Bank's strategic decision-making process.

#### Operational Risk Policy

Within the framework of the BRSA regulations, the Bank manages its credit risk in accordance with the amount, quality and level of sophistication of its activities and accepts the fact that the operational risk management process encompasses all activities and employees of the Bank. The Bank's main principle in this respect is that the Bank's personnel are aware of operational risks and evaluate their impacts, they take necessary measures to mitigate and/or eliminate risks or develop recommendations to achieve this and they conduct their activities in a control-cognizant manner while performing their duties, authorities and responsibilities. New products and services are assessed from the viewpoint of personnel, process, system and externally-triggered operational risk.

The main objective of the Bank's operational risk management policies is to identify the risks before they occur and to report and analyze them on a regular basis. Accordingly, the basic principle in operational risk management policy is defined as taking the necessary measures in order to prevent the risk from occurring. The most effective policy tool in operational risk management is to intensify the controls over each stage of all of the identified business processes in the Bank.



## Assessment of Financial Position, Profitability and Debt Servicing Capability

The Bank's financial position as of December 31, 2009 is presented in the tables below in a comparative format with the respective data from December 31, 2008.

Composition of Assets (%)	December 31, 2008	December 31, 2009
Cash Balances and Central Bank	0.01	0.02
Banks and Money Market	21.28	15.23
Securities at Fair Value through	10.71	9.63
Profit or Loss Marketable Securities	0.65	0.35
Loans	57.53	60.17
Non-Performing Loans (net)	0.00	2.16
Securities Held to Maturity	2.47	6.24
Subsidiaries and Affiliates	1.60	1.37
Tangible Fixed Assets	3.85	3.40
Other Assets	1.90	1.43
TOTAL	100.00	100.00

Liquid Assets (TL thousand)	December 31, 2008	December 31, 2009	Change (%)
Cash Balances and Central Bank	67	247	268.66
Securities at Fair Value through Profit or Loss	109,626	123,935	13.05
Banks and Other Financial Institutions	47,829	85,370	78.49
Money Markets	170,071	110,620	(34.96)
Marketable Securities	6,696	4,528	(32.38)
TOTAL	334,289	324,700	(2.87)

Liquidity (%)	December 31, 2008	December 31, 2009
Liquid Assets / Foreign Resources	61.94	41.20
Liquid Assets / Total Assets	32.65	25.23

Total assets of Türkiye Kalkınma Bankası reached TRY 1,287 million at year-end 2009 with a 25.7% increase over the previous year. The increase in assets (TRY 263 million) was caused predominantly by the increase in loans (TRY 213.3 million). Total loans increased by 36.2% to TRY 802.3 million in December 2009 from TRY 589.1 million in December 2008. Accordingly, share of loans in total assets climbed from 57.5% in December 2008 to 62.3% in December 2009. Non-performing loans increased by TRY 28.9 million over the last year and reached TRY 93.8 million; however, as a result of the large rate of increase in total loans, ratio of gross non-performing loans to total loans ticked up modestly to 10.8% at year-end 2009 from 9.9% at year-end 2008.

Asset Quality (%)	December 31, 2008	December 31, 2009
Loans (net) / Total Assets	57.5	62.3
Loan Provisions / Non-Performing Loans	100.0	70.3



Loans (TL thousand)	December 31, 2008	December 31, 2009	Change (%)
Loans (net)	589,070	802,324	36.2
Loans	589,070	774,463	31.5
Non-Performing Loans	64,928	93,830	44.5
Loan Provisions	(64,928)	(65,969)	(1.6)
Non-Performing Loans (net)	0	27,861	

The Bank's liquid assets declined by 2.9% to TRY 324.7 million in December 2009 from TRY 334.3 million in December 2008. The share of liquid assets in total assets also declined, from 32.6% to 25.2%. The main reasons for this development were the increase in assets fueled predominantly by the increase in loans and the nominal contraction in liquid assets. In addition, the change in preference regarding the time to maturity of the securities portfolio also played a major role in this contraction. During this period, the Bank increased its Held-to-Maturity portfolio investments and its Held-to-Maturity portfolio reached TRY 80.4 million as of year-end 2009. Another reason for the decline in the share of liquid assets in total assets was that Held-to-Maturity investments as a share of total assets surged from 2.5% to 6.2% over the last year.

Composition of Liabilities (%)	December 31, 2008	December 31, 2009
Money Markets	0.03	0.01
Borrowings	36.13	49.35
Funds	12.52	8.68
Provisions	1.94	1.91
Other Liabilities	2.10	1.27
Shareholders' Equity (excluding profits)	43.70	36.79
Profit / Loss for the Period	3.58	1.99
TOTAL	100.00	100.00

The growth in the Bank's loan volume was predominantly the result of increase in long-term loans obtained from overseas financial institutions. The borrowings line item surged from TRY 370 million in December 2008 to TRY 635 million by year-end 2009. As a result of this 71.7% year-over-year increase, share of borrowing in total liabilities rose to 49.4% from 36.1% as of the end of the previous year. As a result of this increase, share of shareholders' equity (including profit) in total liabilities dropped to 38.8% from the previous year's level of 47.3%.

Sources of Profit / Loss (TL thousand)	December 31, 2008	December 31, 2009
Interest Income	82,035	61,668
Foreign Exchange Income	7,827	2,181
Fee and Commission Income	11,009	14,309
Gains from Securities Trading	1,027	3,828
Other Operating Income	(56,025)	(50,539)
Profit / Loss form Net Cash Position	0	0
Profit before Taxes	45,873	31,447
Provision for Taxes	(9,194)	(5,868)
Extraordinary Profit / Loss after Taxes	0	0
Net Profit (Loss)	36,679	25,579

Composition of Revenue / Expenditures (%)	December 31, 2008	December 31, 2009
Income	100.00	100.00
Interest Income	69.73	69.15
Foreign Exchange Income	7.16	2.83
Commission Income	7.57	12.43
Gains from Securities Trading	0.67	3.16
Other Income	14.87	12.43
Expenditures	100.00	100.00
Interest Expenditures	23.01	24.61
Foreign Exchange Expenditures	2.93	1.39
Commission Expenditures	0.53	0.83
Securities Trading Expenditures	0.00	0.00
Other Expenditures	73.53	73.17

Analysis of the Bank's income-expenditure structure reveals that interest income constitutes a large chunk of its profit. Commission and fee income and gains from securities trading went up in 2009 compared to the previous year while interest income and foreign exchange income registered declines. The significant drop in market interest rates from 2008 to 2009 was one of the primary reasons for the contraction in the interest margin. As a result of the increase in lending activity that is the Bank's primary area of business, fee and commission income increased by TRY 3.3 million. While the interest income from loans declined, share of loans in interest income rose from 50.3% to 54.7% from the previous year. Since the Bank generally has a long position, it achieved a high foreign exchange income as a result of the jump in exchange rates in 2008. The Bank's net long foreign exchange position gradually contracted in 2009 and, due in part to the relatively sideways movement in exchange rates, foreign exchange income shrank compared to the previous year. As a result of these developments, the Bank had a net profit of TRY 25.6 million in 2009.

#### The Bank's Credit Rating and its Content

FOREIGN CURRENCY	RATING	OUTLOOK
Long-Term	BB+	Stable
Short-Term	B	
<b>TURKISH LIRA</b>		
Long-Term	BB+	Stable
Short-Term	B	
<b>NATIONAL</b>		
Long-Term	AA+(TUR)	Stable
Individual Rating	D	
Support Rating	3	
Baseline Support Rating	BB+	

## Five-Year Summary Financial Highlights

### Summary Financial Highlights and Key Ratios for the 2005-2009 Period

(TL thousand)	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Total Assets	689,687	883,819	817,806	1,023,870	1,287,044
Liquid Assets	336,828	433,379	342,388	334,289	324,700
Total Loans (net)	286,373	333,404	398,010	589,070	802,324
Non-Performing Loans (net)	2,637	0	27,861		
Paid-in Capital	160,000	160,000	160,000	160,000	160,000
Shareholders' Equity (including profit)	451,067	537,533	458,096	484,158	499,028
Interest Income (net)	37,086	62,810	83,316	82,035	61,668
Non-Interest Income (net)	(12,235)	93,339	(40,228)	(45,356)	(36,089)
Profit / Loss from Net Cash Position	-	-	-	-	-
Net Profit / Loss	24,851	156,149	43,088	36,679	25,579

### (%)

Total Loans / Total Assets	41.5	37.7	48.7	57.5	62.3
Non-Performing Loans (net) / Total Loans	0	0	0.6	0.0	3.5
Shareholders' Equity / Total Assets	65.4	60.8	56.0	47.3	38.8
Return on Assets (ROA)	3.6	17.7	5.3	3.6	2.0
Return on Equity (ROE)	5.5	29.0	9.4	7.6	5.1

Note: The Bank adopted the Turkish Accounting Standards on January 1, 2005. The financial statements for 2005 were drawn in accordance with the provisions of transition to TAS in order to enable a comparative analysis. As a result, profit in 2005 changed from TL 26,526 to TL 24,851.



# **TÜRKİYE KALKINMA BANKASI A.Ş.**

**INDEPENDENT AUDIT REPORT, NON-CONSOLIDATED  
FINANCIAL STATEMENTS AND ACCOMPANYING NOTES FOR  
THE YEAR ENDED DECEMBER 31, 2009**



**TÜRKİYE KALKINMA BANKASI A.Ş.**

**FOR THE 1 JANUARY 2009-31 DECEMBER 2009**

**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, 2009 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, 2009, 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,03.03.2010, 2010/04

**REHBER INDEPENDENT AUDITING &  
CHARTERED ACCOUNTANTS INC.**

A MEMBER FIRM OF INTERNATIONAL EUROGROUP CONSULT



REHBER  
CONSULTING  
REHBER BAĞIMSIZ DENETİM  
ve YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Adil ÖNER  
Chief Executive Auditor



## TÜRKİYE KALKINMA BANKASI A.Ş. NON-CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED, 31 DECEMBER 2009

Headquarters Address: Necatibey Cad. No: 98  
P.K.06100  
Bakanlıklar/ANKARA-TURKEY  
Telephone and Fax Numbers: Tel: 0312 231 84 00  
Faks: 0312 231 43 41  
Internet Address: <http://www.kalkinma.com.tr>  
E-mail Address: [muhasabe@kalkinma.com.tr](mailto:muhasabe@kalkinma.com.tr)

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

The financial statements and notes to the non-consolidated financial statements included in this report are prepared in **Thousand 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



**Adnan YALÇINCI**

Assistant General Manager  
Responsible for Financial Reporting



**Aydın TOSUN**

Finance Manager Deputy

### 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

**SECTION ONE****General Information**

- I- Establishment date, beginning status, history of the bank including changes in the beginning status of the Bank
- 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
- III- Explanations concerning the shares of head of Board of Directors and members, audit committee members and general manager and assistants of the Bank
- IV- Explanations concerning persons or companies holding qualified shares of Bank
- V- Summarized information on the types of service and field of operation of the Bank

**SECTION TWO****Non-Consolidated Financial Statements**

- I- Balance Sheet (Appendix: 1-A)
- II- Off-Balance Sheet Accounts Statement (Appendix: 1-B)
- III- Income Statement (Appendix: 1-C)
- IV- Income Statement Accounts Booked In Shareholders' Equity (Appendix: 1-Ç)
- V- Statement of Changes in Equity (Appendix: 1-D)
- VI- Cash Flow Statement (Appendix: 1-E)
- VII- Profit Distribution Table (Appendix: 1-F)

**SECTION THREE****Accounting Policies**

- I- Explanations on basis of presentation
- II- Utilization Strategy of Financial Instruments and Explanation on Foreign Currency Transactions
- III- Explanations on Derivative Instruments
- IV- Explanations on Interest Income and Expenses
- V- Explanations on Salary and Commission Income and Expenses
- VI- Explanation and Notes on Financial Assets
- VII- Explanations on Impairment of Financial Assets
- VIII- Explanations on Netting of Financial Assets
- IX- Explanations on Sales and Repurchase Agreements and Lending of Securities
- X- Explanations on Tangible Assets Held For Sale and Discontinued Operations
- XI- Explanations on Goodwill and Other Intangible Assets
- XII- Explanations on Tangible Fixed Assets
- XIII- Explanations on Lease Transactions
- XIV- Explanations on Provisions and Conditional Liabilities
- XV- Explanations on Employee Benefits
- XVI- Explanations on Tax Applications
- XVII- Additional Explanations on Borrowings
- XVIII- Explanations on Issued Stock
- XIX- Explanations on Guarantees Received
- XX- Explanations on Government Incentives
- XXI- Explanations on Reporting by Segments
- XXII- Explanations on Other Issues

**SECTION FOUR****Information on Financial Structure**

- I- Explanations on Standard Capital Adequacy Ratio
- II- Explanations on Credit Risk
- III- Explanations on Market Risk
- IV- Explanations on Operational Risk
- V- Explanations on Exchange Rate Risk
- VI- Explanations on Interest Rate Risk
- VII- Explanations on Liquidity Risk
- VIII- Explanations on the Presentation of Financial Assets and Liabilities With Their Fair Values
- IX- Explanations on the Transactions Made to Other Parties or Their Accounts and Transactions Based on Faith

**SECTION FIVE****Explanations and Notes to the Non-Consolidated Financial Statements**

- I- Explanations and Notes to the Asset Accounts of Balance Sheet
- II- Explanations and Notes to the Liability Accounts of Balance Sheet
- III- Explanations and Notes to the Off-Balance Sheet Accounts of Balance Sheet
- IV- Explanations and Notes to the Income Statement
- V- Explanations and Notes to the Statement of Changes in Equity
- VI- Explanations and Notes to the Cash Flow Statement
- VII- Explanations on the Risk Group of Bank
- VIII- Explanations on the Domestic, Foreign, 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

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### 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 TL. The issued capital level according to this capital is 160.000.000 TL (The Bank's capital consist of 16 Billion lots that one of each costs 0,01 TL) and the shareholders and their shares in the share capital are shown below.

Shareholders	Share Amount (Thousand TL)	Share (%)
Treasury	158.530,45	99,08
Other Shareholders	1.469,55	0,92
<b>Total</b>	<b>160.000,00</b>	<b>100,00</b>

#### 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
	Özcan TENGİLİMOĞLU
	İrfan TOKGÖZ
	Mehmet AYDIN
	Şerif ÇELENK

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

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

Audit Committee Members:

Mustafa GÜNEŞ  
Mahmut Hadi EKİCİ (\*)  
Bahri KIZILKAYA (\*)  
Ferhat KARAŞ (\*\*)

General Manager and Assistants:

General Manager  
Assistant General Managers

Abdullah ÇELİK  
Bahattin SEKKİN  
Adnan YALÇINCI  
Zekai İŞILDAR  
Metin PEHLİVAN  
İrfan YAŞAR (\*\*\*)

(\*) Bahri KIZILKAYA and Mahmut Hadi EKİCİ have resigned from their assignments on 30.12.2009 and 15.02.2010

(\*\*) Ferhat KARAŞ has been promoted to become a member of Audit Committee on 28.01.2010

(\*\*\*) İrfan YAŞAR has been promoted to Assistant General Manager position with 2209/11421 numbered decision regarding to the 06.12.2009 dated and 27424 numbered Official Gazette and he has started his job on 16.12.2009

#### IV- Explanations concerning persons or companies holding qualified 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)
- II- Off-Balance Sheet Accounts Statement (Appendix: 1-B)
- III- Income Statement (Appendix: 1-C)
- IV- Income Statement Accounts Booked In Shareholders' Equity (Appendix: 1-Ç)
- V- Statement of Changes in Equity (Appendix: 1-D)
- VI- Cash Flow Statement (Appendix: 1-E)
- VII- Profit Distribution Table (Appendix:1-F)

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. NON-CONSOLIDATED BALANCE SHEET

THOUSAND TURKISH LIRA							
ASSETS	CURRENT PERIOD (31/12/2009)				PRIOR PERIOD (31/12/2008)		
	Disc.	TC	FC	Total	TC	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	(1)	247		247	67		67
<b>II. FINANCIAL ASSETS WHERE FAIR VALUE CHANGE IS REFLECTED TO INCOME STATEMENT (Net)</b>	(2)	123.935		123.935	109.626		109.626
2.1.Financial assets held for trading		123.935		123.935	109.626		109.626
2.1.1.Public sector debt securities		123.935		123.935	109.626		109.626
2.1.2.Securities representing a share in capital							
2.1.3.Derivative financial assets held for trading							
2.1.4.Other marketable securities							
2.2.Financial assets where fair value change is reflected to income statement							
2.2.1.Public sector debt securities							
2.2.2.Securities representing a share in capital							
2.2.3.Loans							
2.2.4.Other marketable securities							
<b>III. BANKS</b>	(3)	5.866	79.504	85.370	5.148	42.681	47.829
<b>IV. MONEY MARKET SECURITIES</b>		110.620		110.620	170.071		170.071
4.1.Interbank money market placements		110.620		110.620	170.071		170.071
4.2.Istanbul Stock Exchange money market placements							
4.3.Receivables from reverse repurchase agreements							
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	4.528		4.528	6.696		6.696
5.1.Securities representing a share in capital		969		969	969		969
5.2.Public sector debt securities							
5.3.Other marketable securities		3.559		3.559	5.727		5.727
<b>VI. LOANS AND RECEIVABLES</b>	(5)	241.883	560.441	802.324	252.068	337.002	589.070
6.1.Loans and Receivables		214.022	560.441	774.463	252.068	337.002	589.070
6.1.1.Loans granted to the Bank's risk group		783		783	703		703
6.1.2.Public sector debt securities							
6.1.3.Other		213.239	560.441	773.680	251.365	337.002	588.367
6.2.Loans under follow-up		93.830		93.830	64.928		64.928
6.3.Specific provisions (-)		65.969		65.969	64.928		64.928
<b>VII. FACTORING RECEIVABLES</b>							
<b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>	(6)	80.369		80.369	25.332		25.332
8.1.Public sector debt securities		80.369		80.369	25.332		25.332
8.2.Other marketable securities							
<b>IX. INVESTMENTS AND ASSOCIATES (Net)</b>	(7)	5.082	1.039	6.121	5.082	632	5.714
9.1.Accounted with equity method							
9.2.Non-consolidated investments and associates		5.082	1.039	6.121	5.082	632	5.714
9.2.1.Financial investments and associates			1.039	1.039		632	632
9.2.2.Non-financial investments and associates		5.082		5.082	5.082		5.082
<b>X. SUBSIDIARIES (Net)</b>	(8)	11.402		11.402	10.652		10.652
10.1.Non-consolidated financial subsidiaries		8.987		8.987	8.987		8.987
10.2.Non-consolidated non-financial subsidiaries		2.415		2.415	1.665		1.665
<b>XI. JOINT VENTURES (BUSINESS PARTNERS) (Net)</b>	(9)						
11.1.Accounted with equity method							
11.2.Non-consolidated joint ventures							
11.2.1.Financial joint ventures							
11.2.2.Non-financial joint ventures							
<b>XII. RECEIVABLES FROM LEASING TRANSACTIONS</b>	(10)	238		238	3		3
12.1.Finance lease receivables							
12.2.Operational leasing receivables		238		238	3		3
12.3.Others							
12.4.Unearned income (-)							
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING</b>	(11)						
13.1.Fair value hedges							
13.2.Cash flow hedges							
13.3.Hedges for investments made in foreign countries							
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>	(12)	43.789		43.789	39.464		39.464
<b>XV. INTANGIBLE ASSETS [Net]</b>	(13)	503		503	857		857
15.1.Goodwill							
15.2.Other		503		503	857		857
<b>XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)</b>	(14)						
<b>XVII. ASSETS FOR TAX</b>	(15)	14.717		14.717	16.236		16.236
17.1.Current assets for tax		5.653		5.653	7.713		7.713
17.2.Deferred assets for tax		9.064		9.064	8.523		8.523
<b>XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)</b>	(16)						
18.1.Held for sale purpose							
18.2.Held from terminated operations							
<b>XIX. OTHER ASSETS</b>	(17)	1.996	885	2.881	2.019	234	2.253
<b>TOTAL ASSETS</b>		645.175	641.869	1.287.044	643.321	380.549	1.023.870

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. NON-CONSOLIDATED BALANCE SHEET

THOUSAND TURKISH LIRA							
LIABILITIES	Disc.	CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)		
		TC	FC	Total	TC	FC	Total
<b>I. DEPOSITS</b>	<b>(1)</b>						
1.1. Deposits held by the Bank's risk group							
1.2. Other							
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(2)</b>						
<b>III. FUNDS BORROWED</b>	<b>(3)</b>	2.150	633.016	635.166	4.087	365.828	369.915
<b>IV. INTERBANK MONEY MARKET</b>		183		183	294		294
4.1. Interbank money market payables							
4.2. Istanbul Stock Exchange money market payables							
4.3. Funds provided under repurchase agreements		183		183	294		294
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>							
5.1. Bills							
5.2. Asset backed securities							
5.3. Bonds							
<b>VI. FUNDS</b>		111.621	45	111.666	128.079	46	128.125
6.1. Borrower funds							
6.2. Other		111.621	45	111.666	128.079	46	128.125
<b>VII. MISCELLANEOUS PAYABLES</b>		2.415	607	3.022	1.774	407	2.181
<b>VIII. OTHER EXTERNAL RESOURCES</b>	<b>(4)</b>	4.862	1.057	5.919	5.053	3.221	8.274
<b>IX. FACTORING PAYABLES</b>							
<b>X. LEASING TRANSACTIONS PAYABLES</b>	<b>(5)</b>						
10.1. Finance leasing payables							
10.2. Operational leasing payables							
10.3. Other							
10.4. Deferred finance leasing expenses (-)							
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING</b>	<b>(6)</b>						
11.1. Fair value hedges							
11.2. Cash flow hedges							
11.3. Hedges for investments made in foreign countries							
<b>XII. PROVISIONS</b>	<b>(7)</b>	24.668		24.668	19.836		19.836
12.1. General provisions		7.480		7.480	4.551		4.551
12.2. Restructuring reserves							
12.3. Reserves for employee benefit		17.188		17.188	15.285		15.285
12.4. Insurance technical reserves (Net)							
12.5. Other provisions							
<b>XIII. LIABILITIES FOR TAX</b>	<b>(8)</b>	7.392		7.392	11.087		11.087
13.1. Current-Liabilities for tax		7.392		7.392	11.087		11.087
13.2. Deferred-Liabilities for tax							
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS</b>	<b>(9)</b>						
14.1. Held for sale purpose							
14.2. Held from terminated operations							
<b>XV. SUBORDINATED LOANS</b>	<b>(10)</b>						
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(11)</b>	499.028		499.028	484.158		484.158
16.1. Paid-in capital		160.000		160.000	160.000		160.000
16.2. Supplementary capital		210.733		210.733	212.100		212.100
16.2.1. Share premium		1.491		1.491	1.491		1.491
16.2.2. Share cancellation profits							
16.2.3. Valuation changes in marketable securities		2.700		2.700	4.067		4.067
16.2.4. Revaluation changes of property and equipment							
16.2.5. Revaluation changes of intangible assets							
16.2.6. Revaluation changes of real estates for investment purpose							
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)							
16.2.9. Value increase in property and equipment held for sale purpose and held from terminated operations							
16.2.10. Other capital reserves		206.074		206.074	206.074		206.074
16.3. Profit reserves		102.716		102.716	75.379		75.379
16.3.1. Legal reserves		26.327		26.327	24.359		24.359
16.3.2. Status reserves							
16.3.3. Extraordinary reserves		76.389		76.389	51.020		51.020
16.3.4. Other profit reserves							
<b>16.4. Profit or loss</b>		25.579		25.579	36.679		36.679
16.4.1. Prior year income/loss							
16.4.2. Current year income/loss		25.579		25.579	36.679		36.679
<b>TOTAL LIABILITIES</b>		<b>652.319</b>	<b>634.725</b>	<b>1.287.044</b>	<b>654.368</b>	<b>369.502</b>	<b>1.023.870</b>

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### OFF BALANCE SHEET COMMITMENTS

	THOUSAND TURKISH LIRA						
	CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)			
	Disc.	TC	FC	Total	TC	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS</b>		<b>23.172</b>	<b>618.634</b>	<b>641.806</b>	<b>50.494</b>	<b>220.943</b>	<b>271.437</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(1), (3)</b>	<b>47</b>	<b>11.052</b>	<b>11.099</b>	<b>80</b>	<b>4.222</b>	<b>4.302</b>
1.1.Letters of guarantee		47		47	80		80
1.1.1.Guarantees subject to State Tender Law							
1.1.2.Guarantees given for foreign trade operations							
1.1.3.Other letters of guarantee		47		47	80		80
1.2.Bank acceptances							
1.2.1.Import letter of acceptance							
1.2.2.Other bank acceptances							
1.3.Letters of credit			11.052	11.052		4.222	4.222
1.3.1.Documentary letters of credit							
1.3.2.Other letters of credit			11.052	11.052		4.222	4.222
1.4.Prefinancing given as guarantee							
1.5.Endorsements							
1.5.1.Endorsements to the Central Bank of Turkey							
1.5.2.Other endorsements							
1.6.Securities issue purchase guarantees							
1.7.Factoring guarantees							
1.8.Other guarantees							
1.9.Other warranties							
<b>II. COMMITMENTS</b>	<b>(1), (3)</b>	<b>23.125</b>	<b>607.582</b>	<b>630.707</b>	<b>50.414</b>	<b>216.721</b>	<b>267.135</b>
2.1.Irrevocable commitments			20.348	20.348		20.426	20.426
2.1.1.Asset purchase and sales commitments							
2.1.2.Deposit purchase and sales commitments							
2.1.3.Share capital commitment to associates and subsidiaries			20.348	20.348		20.426	20.426
2.1.4.Loan granting commitments							
2.1.5.Securities issue brokerage commitments							
2.1.6.Commitments for reserve deposit requirements							
2.1.7.Payment commitments for checks							
2.1.8.Tax and fund liabilities from export commitments							
2.1.9.Commitments for credit card expenditure limits							
2.1.10.Commitments for credit cards and banking services promotions							
2.1.11.Receivables from short sale commitments							
2.1.12.Payables for short sale commitments							
2.1.13.Other irrevocable commitments							
2.2.Revocable commitments		23.125	587.234	610.359	50.414	196.295	246.709
2.2.1.Revocable loan granting commitments		23.125	587.234	610.359	50.414	196.295	246.709
2.2.2.Other revocable commitments							
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>						
3.1.Derivative financial instruments held for hedging							
3.1.1.Fair value hedges							
3.1.2.Cash flow hedges							
3.1.3.Hedges for investments made in foreign countries							
3.2.Trading transactions							
3.2.1.Forward foreign currency buy/sell transactions							
3.2.1.1.Forward foreign currency transactions-buy							
3.2.1.2.Forward foreign currency transactions-sell							
3.2.2.Swap transactions related to foreign currency and interest rates							
3.2.2.1.Foreign currency swap-buy							
3.2.2.2.Foreign currency swap-sell							
3.2.2.3.Interest rate swaps-buy							
3.2.2.4.Interest rate swaps-sell							
3.2.3.Foreign currency, interest rate and security options							
3.2.3.1.Foreign currency options-buy							
3.2.3.2.Foreign currency options-sell							
3.2.3.3.Interest rate options-buy							
3.2.3.4.Interest rate options-sell							
3.2.3.5.Securities options-buy							
3.2.3.6.Securities options-sell							
3.2.4.Foreign currency futures							
3.2.4.1.Foreign currency futures-buy							
3.2.4.2.Foreign currency futures-sell							
3.2.5.Interest rate futures							
3.2.5.1.Interest rate futures-buy							
3.2.5.2.Interest rate futures-sell							
3.2.6.Other							
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>2.951.281</b>	<b>3.993.268</b>	<b>6.944.549</b>	<b>2.913.707</b>	<b>2.958.838</b>	<b>5.872.545</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>14.438</b>	<b>430</b>	<b>14.868</b>	<b>15.713</b>	<b>410</b>	<b>16.123</b>
4.1.Assets under management							
4.2.Investment securities held in custody		14.438		14.438	15.713		15.713
4.3.Checks received for collection							
4.4.Commercial notes received for collection							
4.5.Other assets received for collection							
4.6.Assets received for public offering							
4.7.Other items under custody			430	430		410	410
4.8.Custodians							
<b>V. PLEDGED ITEMS</b>		<b>2.935.843</b>	<b>3.992.838</b>	<b>6.928.681</b>	<b>2.897.994</b>	<b>2.958.428</b>	<b>5.856.422</b>
5.1.Marketable securities							
5.2.Guarantee notes		255.137	603.635	858.772	319.077	426.319	745.396
5.3.Commodity							
5.4.Warranty							
5.5.Immovables		2.009.265	2.753.867	4.763.132	2.074.592	2.210.509	4.285.101
5.6.Other pledged items		52.594	291.320	343.914	57.781	79.567	137.348
5.7.Pledged items-depository		618.847	344.016	962.863	446.544	242.033	688.577
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>1.000</b>		<b>1.000</b>			
<b>TOTAL OFF BALANCE SHEET COMMITMENTS</b>		<b>2.974.453</b>	<b>4.611.902</b>	<b>7.586.355</b>	<b>2.964.201</b>	<b>3.179.781</b>	<b>6.143.982</b>



# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. NON-CONSOLIDATED INCOME STATEMENT

THOUSAND TURKISH LIRA			
INCOME STATEMENT	Disc.	CURRENT PERIOD (01/01/2009-31/12/2009)	PRIOR PERIOD (01/01/2008-31/12/2008)
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>83.727</b>	<b>106.678</b>
1.1. Interest on loans		45.773	53.612
1.2. Interest received from reserve deposits			
1.3. Interest received from banks		161	7.306
1.4. Interest received from money market transactions		13.663	24.202
1.5. Interest received from marketable securities portfolio		24.119	21.550
1.5.1. Financial assets held for trading		15.768	18.607
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		8.351	2.943
1.6. Finance lease income			
1.7. Other interest income		11	8
<b>II. INTEREST EXPENSE</b>	<b>(2)</b>	<b>22.059</b>	<b>24.643</b>
2.1. Interest on deposits			
2.2. Interest on funds borrowed		13.921	16.335
2.3. Interest on money market transactions			
2.4. Interest on securities issued			
2.5. Other interest expense		8.138	8.308
<b>III. NET INTEREST INCOME/EXPENSE (I-II)</b>		<b>61.668</b>	<b>82.035</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>14.309</b>	<b>11.009</b>
4.1. Fees and commissions received		15.053	11.578
4.1.1. Non-cash loans		9	14
4.1.2. Other		15.044	11.564
4.2. Fees and commissions paid		744	569
4.2.1. Non-cash loans			
4.2.2. Other		744	569
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>346</b>	<b>311</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	<b>(4)</b>	<b>6.009</b>	<b>8.854</b>
6.1. Profit/losses on trading account securities		3.828	1.027
6.2. Profit/losses on derivative financial transactions			
6.2. Foreign exchange profit/losses		2.181	7.827
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>14.698</b>	<b>22.432</b>
<b>VIII. TOTAL OPERATING INCOME/EXPENSES (III+IV+V+VI+VII)</b>		<b>97.030</b>	<b>124.641</b>
<b>IX. PROVISION FOR LOAN OR OTHER RECEIVABLES LOSSES (-)</b>	<b>(6)</b>	<b>11.783</b>	<b>29.137</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>53.800</b>	<b>49.631</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>31.447</b>	<b>45.873</b>
<b>XII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>			
<b>XIII. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>			
<b>XIV. NET MONETARY POSITION GAIN/LOSS</b>			
<b>XV. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>(8)</b>	<b>31.447</b>	<b>45.873</b>
<b>XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(9)</b>	<b>-5.868</b>	<b>-9.194</b>
16.1. Current tax provision		-6.409	-9.676
16.2. Deferred tax provision		541	482
<b>XVII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>25.579</b>	<b>36.679</b>
<b>XVIII. INCOME FROM TERMINATED OPERATIONS</b>			
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			
<b>XIX. EXPENSES FROM TERMINATED OPERATIONS (-)</b>			
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			
<b>XX. PROFIT/LOSS BEFORE TAXES FROM TERMINATED OPERATIONS (XVIII-XIX)</b>	<b>(8)</b>		
<b>XXI. PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)</b>	<b>(9)</b>		
21.1. Current tax provision			
21.2. Deferred tax provision			
<b>XXII. NET PROFIT/LOSS FROM TERMINATED OPERATIONS (XX±XXI)</b>	<b>(10)</b>		
<b>XXIII. NET PROFIT/LOSSES (XVII+XXII)</b>	<b>(11)</b>	<b>25.579</b>	<b>36.679</b>
Earnings/Losses per share		0,00160	0,00229

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

TÜRKİYE KALKINMA BANKASI A.Ş. INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS' EQUITY		
	THOUSAND TURKISH LIRA	
INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS' EQUITY	CURRENT PERIOD (01/01/2009-31/12/2009)	PRIOR PERIOD (01/01/2008-31/12/2008)
I. FINANCIAL ASSETS AVAILABLE FOR SALE ADDED TO MARKETABLE SECURITIES VALUATION CHANGES ACCOUNT	-1.709	-1.012
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	342	202
X. NET INCOME/EXPENSE ACCOUNTS DIRECTLY BOOKED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	-1.367	-810
XI. CURRENT PROFIT/LOSSES	25.579	36.679
11.1.Net changes in fair value at securities (Transferred to profit/loss)	24.119	21.550
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	1.460	15.129
XII. TOTAL PROFIT/LOSSES BOOKED IN CURRENT PERIOD (X±XI)	24.212	35.869

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Disclosure	Paid-in capital	Adjustment to paid-in capital	Share premium	Share certificate cancellation profits	Legal reserves	Status reserves	Extraordinary reserves	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)	Valuation changes in marketable sec.	Revaluation changes in property and intangible assets and equo.	Free shares from shareholders	Hedging funds	Valuation change in property and equipment held for sale purposes/ terminated operat.	Total
<b>PRIOR PERIOD (31/12/2008)</b>																	
I. Balance at the beginning of the period		160.000		1.491		22.021		20.077	206.074		43.088	4.877		468			458.096
II. Adjustment in accordance with TMS 8																	
2.1.Effect of adjustment																	
2.2.Effect of changes in accounting policies																	
III. New balance (I+II)		160.000		1.491		22.021		20.077	206.074		43.088	4.877		468			458.096
<b>Changes within the period</b>																	
IV. Increase or decrease generated by merger																	
V. Valuation changes in marketable securities																	
VI. Hedging Funds (Active part)																	
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																	
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									26	36.679						26	
XIX. Net profit or losses						2.338		30.917		-43.088						36.679	
XX. Profit distribution										-9.833						-9.833	
20.1. Dividends distributed										-9.833						-9.833	
20.2. Transfers to legal reserves						2.338		30.917		-33.255							
20.3. Other																	
Balances (II+IV+V +...+XVIII+XIX+XX)		160.000		1.491		24.359		51.020	206.074	36.679		4.067		468			484.158
<b>CURRENT PERIOD (31/12/2009)</b>																	
I. Balances at end of prior period		160.000		1.491		24.359		51.020	206.074	36.679		4.067		468			484.158
<b>Changes within the period</b>																	
II. Increase or decrease generated by merger																	
III. Valuation changes in marketable securities																	
IV. Hedging Funds																	
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																	
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						1.968		25.369		25.579						25.579	
XVIII. Profit distribution										-36.679						-36.679	
18.1.Dividends distributed										-9.342						-9.342	
18.2.Transfers to legal reserves						1.968		25.369		-27.337						-27.337	
18.3.Other																	
Closing balances (I+II+III+...+XVI+XVII+XVIII)		160.000		1.491		26.327		76.389	206.074	25.579		2.700		468			499.028

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. STATEMENT OF CASH FLOW

	THOUSAND TURKISH LIRA	
	CURRENT PERIOD	PRIOR PERIOD
Disclosure	(31/12/2009)	(31/12/2008)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1. Operating profit before changes in operating assets and liabilities(+)</b>	<b>19.840</b>	<b>45.887</b>
1.1.1. Interest received (+)	51.759	67.585
1.1.2. Interest paid (-)	17.504	17.007
1.1.3. Dividend received (+)	346	311
1.1.4. Fees and commissions received (+)	15.053	11.578
1.1.5. Other income (+)	18.526	23.459
1.1.6. Collections from previously written off loans and other receivables (+)	5.596	12.482
1.1.7. Payments to personnel and service suppliers (-)	39.337	37.375
1.1.8. Taxes paid (-)	6.243	8.666
1.1.9. Other (+/-)	(1)	-6.480
<b>1.2. Changes in operating assets and liabilities</b>	<b>20.749</b>	<b>-24.763</b>
1.2.1. Net increase (decrease) in financial assets held for trading (+/-)	-3.904	11.768
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 (+/-)	-217.162	-206.815
1.2.5. Net increase (decrease) in other assets (+/-)	6.850	9.267
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 (+/-)	244.237	164.731
1.2.9. Net increase (decrease) in matured payables (+/-)		
1.2.10. Net increase (decrease) in other liabilities (+/-)	(1)	-3.714
<b>I. Net cash provided from banking operations(+/-)</b>	<b>40.589</b>	<b>21.124</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities(+/-)</b>	<b>-56.432</b>	<b>-25.501</b>
2.1. Cash paid for purchase of investments, associates and joint ventures (business partners) (-)	1.157	2.450
2.2. Cash obtained from sale of subsidiaries, invest. and associates and joint ventures (business partners) (+)		
2.3. Fixed assets purchases (-)	9.507	5.640
2.4. Fixed assets sales (+)	1.650	1.650
2.5. Cash paid for purchase of financial assets available for sale (-)		
2.6. Cash obtained from sale of financial assets available for sale (+)	-532	
2.7. Cash paid for purchase of investment securities (-)	46.886	19.061
2.8. Cash obtained from sale of investment securities (+)		
2.9. Other (+/-)	(1)	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities (+/-)</b>	<b>-8.009</b>	<b>-9.833</b>
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 (-)	9.342	9.833
3.5. Payments for finance leases (-)		
3.6. Other (+/-)	(1)	1.333
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>2.181</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>	<b>-21.671</b>	<b>-6.383</b>
<b>VI. Cash and cash equivalents at beginning of the year (+)</b>	<b>217.886</b>	<b>224.269</b>
<b>VII. Cash and cash equivalents at end of the year (V+VI)</b>	<b>196.215</b>	<b>217.886</b>

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. PROFIT DISTRIBUTION TABLE

	THOUSAND TURKISH LIRA	
	CURRENT PERIOD (31/12/2009)	PRIOR PERIOD (31/12/2008)
<b>I.DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1.CURRENT YEAR INCOME	31.988	46.355
1.2.TAXES AND DUTIES PAYABLE (-)	6.409	9.676
1.2.1.Corporate tax (Income tax)	6.409	9.676
1.2.2.Income withholding tax		
1.2.3.Other taxes and duties		
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>25.579</b>	<b>36.679</b>
1.3.PRIOR YEARS LOSSES (-)		
1.4.FIRST LEGAL RESERVES (-)	1.279	1.834
1.5.OTHER STATUTORY RESERVES (-)		
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	<b>24.300</b>	<b>34.845</b>
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)		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 (-)		1.342
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)		
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)		
1.9.1.To owners of ordinary shares		
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 (-)		134
1.11.STATUTORY RESERVES (-)		
1.12.GENERAL RESERVES		25.369
1.13.OTHER RESERVES		
1.14.SPECIAL FUNDS		
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1.APPROPRIATED RESERVES		
2.2.SECOND LEGAL RESERVES (-)		
2.3.DIVIDENDS TO SHAREHOLDERS (-)		
2.3.1.To owners of ordinary shares		
2.3.2.To owners of preferred shares		
2.3.3.To owners of preferred shares (preemptive rights)		
2.3.4.To profit sharing bonds		
2.3.5.To holders of profit and loss sharing certificates		
2.4.DIVIDENDS TO PERSONNEL (-)		
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)		
<b>III. EARNINGS PER SHARE</b>		
3.1.TO OWNERS OF ORDINARY SHARES		0,229
3.2.TO OWNERS OF ORDINARY SHARES (%)		22,9
3.3.TO OWNERS OF PRIVILEGED SHARES		
3.4.TO OWNERS OF PRIVILEGED SHARES (%)		
<b>IV. DIVIDEND PER SHARE</b>		
4.1.TO OWNERS OF ORDINARY SHARES		0,05
4.2.TO OWNERS OF ORDINARY SHARES (%)		5
4.3.TO OWNERS OF PRIVILEGED SHARES		
4.4.TO OWNERS OF PRIVILEGED SHARES (%)		

# **TÜRKİYE KALKINMA BANKASI A.Ş.**

## **Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009**

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### **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 prepared in Turkish Liras and are based on historical cost except financial assets and liabilities shown with their fair value.

The prior period included in the balance sheet and off-balance sheet accounts statement, income statement, statement of changes in equity, cash flow statement and notes represent 31.12.2008.

Figures stated in the attached financial statements, notes and explanations on these statements are Thousand Turkish Lira unless otherwise stated.

The said accounting policies and valuation basis are explained in the following II and XIX numbered notes.

#### **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 Islamic Development Bank and French Development Agency.

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.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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 Turkish Lira (TL) 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 rate of interest method of "Financial instruments: Recognition and Measurement 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.

The financial assets of the Bank are classified and accounted as "Financial assets where fair value change is reflected to income statement", "Financial assets available for sale", "Credits" or "Investments held to maturity". The said financial assets' purchase and sale transactions recorded and disposal according to their "delivery date". The form of classification been decided on their gained dates by considering the purchase purposes of Bank management.



## **TÜRKİYE KALKINMA BANKASI A.Ş.**

### **Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009**

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### **Financial Assets Where Fair Value Change is Reflected to Income Statement**

They are grouped under two main categories. First is “Financial Assets Held for Trading”, assets which are in principal purchased to be sold or repurchased in a short amount of time to gain profits in short term and the other one is securities that are classified as “Financial Assets Where Fair Value Difference is Reflected to the Income Statement”.

The purchase and sale transactions of the financial assets held for trading recorded and disposed according to their “delivery date”. Financial assets held for trading reflected with their cost values to balance sheet and after recording they are evaluated with their fair values. Securities’ fair values which are being quoted in the stock market are calculated by stock market prices. The gains and losses have been formed as a result of this evaluation included to profit/loss 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 or carried with cost values; 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.

The bank classify the financial assets where fair value difference is reflected to the income statement in the financial assets held for trading which is take place in this group. The Bank hasn’t got financial assets where fair value difference is reflected to the income statement.

#### **Financial Assets Available for Sale**

Financial assets available for sale are accounted a cost containing their costs of acquisition at the first recordings. Interest income of financial assets available for sale with constant and changable interests which are included 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 Revolution Fund”. When financial assets available for sale are disposed off, the increase-decrease table of financial assets revolution fund of equity, will be transferred to income statement.

#### **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 costs of acquisition and evaluated according to redempted 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.

Foreign currency based loans 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 reflected in the income and expense accounts.

#### **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.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

There are no financial assets which were previously classified as held until maturity but cannot be classified as held to maturity for two years 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 available

#### Cashes, Banks and Other Financial Institution

Cash and cash equivalents are cash, demand deposits and three or less than three months of maturities from the beginning of the date of purchase, can be easily exchanged with money and having low risk of value change are acquired to high liquidity of other short maturity investments. These instruments book values are fair values.

#### 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. Except 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:

Affiliates and subsidiaries of nonconsolidated financial tables are accounted as "Investments in Associates Turkish Accounting Standard (TMS 28)".

The affiliates and subsidiaries 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 values. However, the direct contrary they will be reflected on the financial statements after cutting down the provision of impairment as of the 01.11.2006 which is the date of applyment of bulletins issued dates.

#### 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.

## **TÜRKİYE KALKINMA BANKASI A.Ş.**

### **Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009**

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### **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 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.

#### **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 first records done with cost value finding by obtaining amounts and adding the necessary other direct expenses made for the asset to become usable. Intangible fixed assets in the following periods after recorded, evaluated with the values after deducting the accumulated depreciation and if there is accumulated decreasing of values from cost values.

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 first records done with cost value finding by obtaining amounts and adding the necessary other direct expenses made for the asset to become usable. Tangible fixed assets in the following periods after recorded, evaluated with the values after deducting the accumulated depreciation and if there is accumulated decreasing of values from cost values.

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. Real estates that the Bank own accounted with their expertise values according to judgements of Turkish Account Standart (TMS 16).

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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. The investment expenditures that made for increasing the expected future benefits by developing its capacity will be added to its cost. Investment expenditures formed costs factors as lengthen the assets usable life, increase its service capacity, increase the quality of produced goods and services or expenditures decrease its costs.

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
Furniture and Fixtures	%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".

The amount which can not been measured adequately or the situations that has no probability to fulfil the liability with resources out of the Bank, said liability has been accepted as "conditional" and been explained in the notes.

### 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.

## **TÜRKİYE KALKINMA BANKASI A.Ş.**

### **Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009**

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### **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 01.01-2009-31.12.2009, is declared in the context of temporary tax returns on February 15th, 2010 and was paid to the Tax Department on February 17th, 2010.

##### **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.

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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 Related to Income Taxes (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 issued stock:

Expenses related to the issuance of share certificates are not deducted from the emission premium account under shareholders' 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. The Company's board apply to Capital Markets Board on 12.10.2009 to stop the company's activities temporarily for six months as of 31.12.2009, Capital Markets Board has been approved to stop the company's activities temporarily for twelve months as of 31.12.2009.

	Investment Banking	Treasury Operations	Total
Net Interest Income	37.549	24.119	61.668
Capital Market Operations	-	3.828	3.828
Other Income	33.521	-	33.521
Other Expenses	(67.570)	-	(67.570)
Profit Before Taxes			31.447
Tax Provision			(5.868)
<b>Net Profit</b>			<b>25.579</b>

### XXII-Explanations on other issues:

None.

**TÜRKİYE KALKINMA BANKASI A.Ş.**  
**Notes to Independent Audited Non-Consolidated**  
**Financial Statements Dated 31 December 2009**  
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**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 70,05 %. 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 TL), (%)**

	0%	10%	20%	50%	100%	150%	200%
<b>Amounts subject to credit risk</b>							
<b>Balance sheet items (Net)</b>	<b>306.995</b>	<b>0</b>	<b>411.671</b>	<b>291.986</b>	<b>140.150</b>		
Cash	85						
Matured marketable securities							
Balances with the Central Bank of Turkey	162						
Domestic banks, foreign banks, branches and offices abroad			85.368				
Money market placements	110.600						
Receivables from reverse repo transactions							
Reserve deposits							
Loans	97.956		321.091	288.086	58.042		
Loans under follow-up (Net)					27.861		
Financial lease receivables					238		
Financial assets available for sale			3.559		969		
Investments held to maturity	72.218						
Receivables from sale of matured assets							
Miscellaneous receivables					116		
Interest, incomes accrual, discounts	11.220		1.653	3.900	689		
Affiliates, subsidiaries, and joint ventures (business partners) (Net)					8.536		
Tangible assets					43.103		
Other assets	14.754				596		
<b>Off balance sheet items</b>	<b>0</b>	<b>0</b>	<b>10.110</b>	<b>950</b>	<b>20.387</b>		
Non-cash loans and commitments			10.110	950	20.387		
Derivative financial instruments							
Not risk weighted accounts							
<b>Total risk weighted assets</b>	<b>306.995</b>	<b>0</b>	<b>421.781</b>	<b>292.936</b>	<b>160.537</b>		

**Summary information about the and bank capital adequacy ratio:**

	Bank	
	Current period (31/12/2009)	Prior period (31/12/2008)
Amount subject to credit risk (I)	391.361	316.256
Amount subject to market risk (II)	25.163	25.000
Amount subject to operational risk (III)	286.900	257.937
Shareholders' equity	492.716	474.509
Shareholders' equity / (I+II+III)* 100	70,05	79,19



**TÜRKİYE KALKINMA BANKASI A.Ş.**  
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**Information about the shareholders equity items:**

	Current period (31/12/2009)	Prior period (31/12/2008)
<b>CORE CAPITAL</b>		
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	26.327	24.359
First legal reserve (Turkish Commercial Code 466/1)	12.727	10.893
Second legal reserve (Turkish Commercial Code 466/2)	13.600	13.466
Other legal reserve per special legislation		
Statutus reserves		
Extraordinary reserves	76.389	51.020
Reserves allocated by the General Assembly	76.389	51.020
Retained earnings		
Accumulated loss		
Foreign currency share capital exchange difference		
Adjustment to legal, status and extraordinary reserves		
Profit	25.579	36.679
Net Current period profit	25.579	36.679
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		
Leasehold improvements amount (-)		
Prepaid expenses (-)	2.131	1.419
Intangible Assets (-)	503	857
Deferred tax assets which exceeds 10% of core capital		
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)		
<b>Total Core Capital</b>	<b>493.226</b>	<b>477.347</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General reserves	7.480	4.551
45% of increase in revaluation fund of movables		
45% of increase in revaluation fund of fixed assets		
Free shares from affiliates, 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 value increase fund of securities	1.215	1.830
Affiliates and subsidiaries		
Financial assets available for sale	1.215	1.830
The differences of adjustment for inflation to paid-in capital, profit reserves and previous years losses(except the differences adjustment for inflation to legal, status and extraordinary reserves)		
<b>Total Supplementary Capital</b>	<b>9.163</b>	<b>6.849</b>

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### TIER III CAPITAL

<b>CAPITAL</b>	<b>502.389</b>	<b>484.196</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>9.673</b>	<b>9.687</b>
Partnership shares on non-consolidated of the banks and financial institutions (domestic and foreign) that have the shares of ten percentage and more.		
The total partnership shares on the total of Bank's core and supplementary capital's get over the ten percentage and more of the banks and financial institutions (domestic and foreign) that have the shares of ten percentage and more.	8.987	8.987
Loans extended to banks, financial institutions (domestic and foreign) or qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued like primary and secondary subordinated loan.		
Loans being used contradictory to the 50-51 article of the law.		
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	686	700
Other		
<b>Total Shareholders' Equity</b>	<b>492.716</b>	<b>474.509</b>

#### 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 approvals 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 **98,80%**.

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 **7.480** Thousand TL.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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
<b>Credit distribution according to borrowers</b>	<b>743.133</b>	<b>569.070</b>	<b>59.191</b>	<b>20.000</b>	<b>208.832</b>	<b>141.654</b>		
Private sector	737.967	564.301			4.528	6.696		
Public sector					204.121	134.664		
Banks			59.191	20.000				
Retail customers	5.166	4.769			183	294		
Securities representing a share in capital								
<b>Informations according to geographical concentration</b>	<b>743.133</b>	<b>569.070</b>	<b>59.191</b>	<b>20.000</b>	<b>208.832</b>	<b>141.654</b>		
Domestic	743.133	569.070	59.191	20.000	208.832	141.654		
EU countries								
OECD countries***								
Off-shore banking regions								
USA, Canada								
Other countries								

\* Includes Financial assets where fair value change is reflected to income statement, Financial assets available for sale and Financial assets held to maturity.

\*\* Includes loans classified under Uniform Accounting Standards-loans except in the first 3 columns-and compliant with Article 48 of the Law numbered 5411.

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

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### Information according to geographical concentrations:

	Assets	Liabilities	Non-cash loans	Fixed capital expenditures	Net profit
<b>Current period (31.12.2009)</b>					
Domestic	1.129.957	316.900	11.099		32.926
European Union countries	78.231	350.730			-6.008
OECD countries*	23				
Off-shore banking regions					
USA, Canada	477	75.005			-145
Other countries		20.713			-1.194
Affiliates, subsidiaries and joint ventures (business partners)	16.484				
Unallocated assets/liabilities**	61.872	523.696			
Total	1.287.044	1.287.044	11.099		25.579
<b>Prior Period (31.12.2008)</b>					
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
Affiliates, subsidiaries and joint ventures (business partners)	16.366				
Unallocated assets/liabilities**	58.880	503.994			
Total	1.023.870	1.023.870	4.302		36.679

\* 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 (31/12/2009)				Prior period (31/12/2008)			
	TC	(%)	FC	(%)	TC	(%)	FC	(%)
Agricultural	4.359	2,04	6.371	1,14	5.956	2,36	4.237	1,26
Farming and raising livestock	4.307	2,01	6.371	1,14	5.800	2,30	4.237	1,26
Forestry	52	0,02		0,00	156	0,06		0,00
Fishing		0,00		0,00		0,00		0,00
Manufacturing	37.080	17,33	369.963	66,01	54.138	21,48	175.824	52,17
Mining		0,00		0,00		0,00		0,00
Production	35.811	16,73	91.202	16,27	52.716	20,91	100.109	29,71
Electric, gas and water	1.269	0,59	278.761	49,74	1.422	0,56	75.715	22,47
Construction	6.748	3,15	362	0,06	8.392	3,33	359	0,11
Services	160.669	75,07	183.745	32,79	175.552	69,64	155.828	46,24
Wholesale and retail trade		0,00		0,00		0,00		0,00
Hotel, food and beverage services	104.939	49,03	116.463	20,78	112.740	44,73	132.814	39,41
Transportation and telecommunication		0,00		0,00		0,00		0,00
Financial Institutions	16.269	7,60	43.185	7,71	20.000	7,93		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	11.146	5,21	4.332	0,77	20.069	7,96	4.301	1,28
Health and social services	28.315	13,23	19.765	3,53	22.743	9,02	18.713	5,55
Other	5.166	2,41		0,00	8.030	3,19	754	0,22
Total	214.022	100,00	560.441	100,00	252.068	100,00	337.002	100,00

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### 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:

	Total
(I) Capital liability calculated for general market risk-Standard Method	711
(II) Capital liability calculated for specific risk-Standard Method	
(III) Capital liability calculated for currency risk-Standard Method	1.302
(IV) Capital liability calculated for commodity risk-Standard Method	
(V) Capital liability calculated for clearing risk-Standard Method	
(VI) Total Capital liability calculated for market risk because of options-Standard Method	
(VII) Capital liability calculated for general market risk at the Bank's using risk measurement model	
(VIII) Total Capital liability calculated for market risk (I+II+III+IV+V+VI)	2.013
(IX) Amount subject to market risk (12,5 x VIII) or (12,5 x VII)	25.163

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

	Current period			Prior period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	708	837	622	622	762	478
Share risk						
Currency risk	1.685	2.687	1.156	1.499	2.277	490
Commodity risk						
Clearance risk						
Options risk						
Amount subject to total risk	2.393	3.330	1.778	2.121	2.952	1.077

### 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 2009 as 286.900 Thousand TL by using the year end gross revenue of 2008, 2007 and 2006 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	31.12.2008	31.12.2007	31.12.2006
1 Net Interest Income	82.035	83.317	62.810
2 Net Fees And Commissions Income	11.009	7.725	5.996
3 Dividend Income	311	223	3.006
4 Trading Profit/Loss (Net)	8.854	-	13.266
5 Other Operating Income	22.432	25.381	209.954
6 Disposal profit/loss of financial assets available for sale and investments held to maturity	49	93	176
7 Extraordinary income (Including subs. and affi. shares and real estate disposal)	21.751	24.315	30.895
8 Revenue indemnified from insurance	-	-	-
9 Gross Income (1+2+3+4+5-6-7-8)	102.841	92.238	263.961
10 Capital Liability (9 x %15)	15.426	13.836	39.594
11 Average of operational risk capital liability		22.952	
12 Amount Subject to Operational Risk (11x12,5)		286.900	

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 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.

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

Date	USD	EURO	100 JPY
31/12/2009	1,48610 TL	2,14610 TL	1,60500 TL
30/12/2009	1,49460 TL	2,13830 TL	1,62000 TL
29/12/2009	1,49430 TL	2,14510 TL	1,62800 TL
28/12/2009	1,49960 TL	2,15280 TL	1,63400 TL
25/12/2009	1,49910 TL	2,15350 TL	1,63600 TL

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-1,49159 TL, EURO-2,17365 TL, 100 JPY-1,65774 TL.

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### Information on the exchange rate risk of the Bank:

	EURO	USD	Yen	Other FC	Total
<b>Current period (31.12.2009)</b>					
<b>Assets</b>					
Cash (cash, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey					0
Due from banks	78.550	859	46	49	79.504
Financial assets where fair value change is reflected to income statement					0
Money market placements					0
Financial assets available for sale					0
Loans	377.280	162.325		20.836	560.441
Affiliates, subsidiaries and joint ventures (business partners)	1.039				1.039
Investments held to maturity					0
Derivative financial assets held for hedging					0
Tangible assets					0
Intangible assets					0
Other assets	802	83			885
<b>Total assets</b>	<b>457.671</b>	<b>163.267</b>	<b>46</b>	<b>20.885</b>	<b>641.869</b>
<b>Liabilities</b>					
Banks deposits					0
Foreign currency deposits					0
Money market debts					0
Funds provided from other financial institutions	451.324	161.024		20.713	633.061
Marketable securities issued					0
Miscellaneous payables	532	75			607
Derivative financial liabilities held for hedging					0
Other liabilities	947	110			1.057
<b>Total liabilities</b>	<b>452.803</b>	<b>161.209</b>	<b>0</b>	<b>20.713</b>	<b>634.725</b>
Net on balance sheet position	4.868	2.058	46	172	7.144
Net off balance sheet position		0	0	0	0
Derivative financial assets					0
Derivative financial liabilities					0
Non-cash loans	5.418	5.634			11.052
<b>Prior period (31.12.2008)</b>					
Total assets	300.414	57.604	481	22.050	380.549
Total liabilities	292.600	55.011		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



## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 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.

#### Interest rate sensitivity of assets, liabilities and off-balance sheet (by remaining time to repricing):

At the end of current period (31.12.2009)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Demand	Total
<b>Assets</b>							
Cash (cash, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	162					85	247
Due from banks	77.261					8.109	85.370
Financial assets where fair value change is reflected to income statement	11.191	23.300	61.664	27.780			123.935
Money market placements	110.620						110.620
Financial assets available for sale	3.559					969	4.528
Loans	194.214	251.989	158.420	67.118	102.722	27.861	802.324
Investments held to maturity	9.912	19.270	31.709	19.478			80.369
Other assets						79.651	79.651
Total assets	406.919	294.559	251.793	114.376	102.722	116.675	1.287.044
<b>Liabilities</b>							
Banks deposits							0
Other deposits							0
Money market debts	183						183
Miscellaneous payables						3.022	3.022
Marketable securities issued							0
Funds provided from other financial institutions	166.326	183.470	280.999	98.900	17.137		746.832
Other liabilities	983					536.024	537.007
Total liabilities	167.492	183.470	280.999	98.900	17.137	539.046	1.287.044
Long position on balance sheet	239.427	111.089		15.476	85.585		451.577
Short position on balance sheet			-29.206			-422.371	-451.577
Long position on off balance sheet							0
Short position on off balance sheet	-11.099						-11.099
Total position	228.328	111.089	-29.206	15.476	85.585	-422.371	-11.099

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### Average Interest Rates Applied to Monetary Financial Instruments: (%)

At the end of current period (31.12.2009)	EURO	USD	Jp Yen	TRY
<b>Assets</b>				
Cash (cash, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey				
Due from banks	0,16			
Financial assets where fair value change is reflected to income statement				7,64
Money market placements				6,50
Financial assets available for sale				
Loans	3,32	2,88		12,04
Investments held to maturity				12,86
<b>Liabilities</b>				
Banks deposits				
Other deposits				
Money market debts				
Miscellaneous payables				
Marketable securities issued				
Funds provided from other financial institutions	1,44	0,94		10,00

### Interest Rate Sensitivity of Assets, Liabilities and Off-balance Sheet (by Remaining Time to Repricing):

At the end of prior period (31.12.2008)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Demand	Total
<b>Assets</b>							
Cash (cash 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					969	6.696
Loans	121.124	255.012	67.876	47.432	97.626		589.070
Investments held to maturity		2.958	10.853	11.521			25.332
Other assets						75.179	75.179
Total assets	341.314	281.572	131.650	84.736	97.626	86.972	1.023.870
<b>Liabilities</b>							
Banks deposits							0
Other deposits							0
Money market debts	294						294
Miscellaneous payables						2.181	2.181
Marketable securities issued							0
Funds provided from other financial institutions	23.029	233.042	109.557	96.268	36.144		498.040
Other liabilities						523.355	523.355
Total liabilities	23.323	233.042	109.557	96.268	36.144	525.536	1.023.870
Long position on balance sheet	317.991	48.530	22.093		61.482		450.096
Short position on balance sheet				-11.532		-438.564	-450.096
Long position on off balance sheet							0
Short position on off balance sheet	-739	-404	-3.159				-4.302
Total position	317.252	48.126	18.934	-11.532	61.482	-438.564	-4.302

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### Average Interest Rates Applied to Monetary Financial Instruments: (%)

At the end of prior period (31.12.2008)	EURO	USD	Yen	TRY
<b>Assets</b>				
Cash (cash, 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
<b>Liabilities</b>				
Banks deposits	-	-	-	-
Other deposits	-	-	-	-
Money market debts	-	-	-	-
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	5,50	3,60	-	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.

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### Presentation of Assets and Liabilities According to Their Maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
<b>Current period (31.12.2009)</b>								
<b>Assets</b>								
Cash (cash, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	247							247
Due from banks	8.109	77.261						85.370
Financial assets where fair value change is reflected to income statement		11.191	23.300	61.664	27.780			123.935
Money market placements		110.620						110.620
Marketable securities available for sale	969	3.559						4.528
Loans		6.452	31.472	96.466	428.589	211.484	27.861	802.324
Investments held to maturity		9.912	19.270	31.709	19.478			80.369
Other assets							79.651	79.651
<b>Total assets</b>	<b>9.325</b>	<b>218.995</b>	<b>74.042</b>	<b>189.839</b>	<b>475.847</b>	<b>211.484</b>	<b>107.512</b>	<b>1.287.044</b>
<b>Liabilities</b>								
Banks deposits								0
Other deposits								0
Funds provided from other financial instruments		7.095	15.186	37.862	299.468	387.078	143	746.832
Money market debts		183						183
Marketable securities issued								0
Miscellaneous payables	3.022							3.022
Other liabilities		983					536.024	537.007
<b>Total liabilities</b>	<b>3.022</b>	<b>8.261</b>	<b>15.186</b>	<b>37.862</b>	<b>299.468</b>	<b>387.078</b>	<b>536.167</b>	<b>1.287.044</b>
<b>Liquidity gap</b>	<b>6.303</b>	<b>210.734</b>	<b>58.856</b>	<b>151.977</b>	<b>176.379</b>	<b>-175.594</b>	<b>-428.655</b>	<b>0</b>
<b>Prior period (31.12.2008)</b>								
<b>Total assets</b>	<b>11.793</b>	<b>227.160</b>	<b>48.998</b>	<b>150.316</b>	<b>446.261</b>	<b>64.163</b>	<b>75.179</b>	<b>1.023.870</b>
<b>Total liabilities</b>	<b>2.181</b>	<b>7.441</b>	<b>10.950</b>	<b>32.553</b>	<b>239.779</b>	<b>209.022</b>	<b>521.944</b>	<b>1.023.870</b>
<b>Liquidity gap</b>	<b>9.612</b>	<b>219.719</b>	<b>38.048</b>	<b>117.763</b>	<b>206.482</b>	<b>-144.859</b>	<b>-446.765</b>	<b>0</b>

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### VIII. Explanations on Financial Assets and Liabilities With Their Fair Value Presentation:

While finding the fair values of the parent company Bank's financial receivables and liabilities, are considered with their discounted values by remaining time to their maturities. The ones 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 (TMS 39).

	Book value		Fair value	
	Current period (31.12.2009)	Prior period (31.12.2008)	Current period (31.12.2009)	Prior period (31.12.2008)
Financial assets	1.179.280	921.785	1.207.146	948.624
Money market placements	110.600	170.000	110.620	170.071
Due from banks	85.368	47.819	85.370	47.829
Financial assets available for sale	118.058	105.554	128.463	116.322
Investments held to maturity	72.218	22.322	80.369	25.332
Loans	793.036	576.090	802.324	589.070
Financial liabilities	745.550	492.879	750.037	500.515
Banks deposits				
Other deposits				
Funds provided from other financial institutions	742.528	490.698	747.015	498.334
Marketable securities issued				
Miscellaneous payables	3.022	2.181	3.022	2.181

### IX. Explanations on the Transactions Made to Other Parties or Their Accounts and Transactions Based on Faith:

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

### I-Explanations and Notes to the Assets of the Balance Sheet:

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

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Cash and foreign currency	85	-	60	-
Central Bank	162	-	7	-
Other	-	-	-	-
Total	247	-	67	-

#### 1.b) Information Related to the Account of Central Bank:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Demand unrestricted amount	162	-	7	-
Timed unrestricted amount	-	-	-	-
Timed restricted amount	-	-	-	-
Total	162	-	7	-

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 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 (Net):

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Share certificates	-	-	-	-
Bonds, notes and other mark. Sec.	33.314	-	77.559	-
Other	-	-	-	-
Total	33.314	-	77.559	-

#### 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 (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Banks				
Domestic banks	5.866	773	5.148	27.973
Foreign banks		78.731		14.708
Branches and offices abroad				
Total	5.866	79.504	5.148	42.681

#### 3.b) Information on Foreign Bank Account:

	Unrestricted amount		Restricted amount	
	Current period (31.12.2009)	Prior period (31.12.2008)	Current period (31.12.2009)	Prior period (31.12.2008)
European Union countries	971	2.144	77.260	9.687
USA and Canada	180	2.848	297	
OECD Countries*	23			
Off-shore banking regions				
Other		29		
Total	1.174	5.021	77.557	9.687

\* 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 (31.12.2009)	Prior period (31.12.2008)
Debt securities	3.559	5.727
Quoted in a stock exchange	3.559	5.727
Not quoted		
Share certificates	13.473	13.473
Quoted in a stock exchange		
Not quoted	13.473	13.473
Impairment provision (-)	12.504	12.504
Total	4.528	6.696

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 5. Explanations on Loans:

##### 5.a) Information on All of Loans and Advances Given to Shareholders and Employees of the Bank:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	Cash loans	Non-cash loans	Cash loans	Non-cash loans
Direct loans granted to shareholders				
Corporate shareholders				
Real person shareholders				
Indirect Loans granted to shareholders				
Loans granted to employees	5.166		4.769	
Total	5.166		4.769	

##### 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
<b>Cash Loans</b>				
Non-specialized loans	466.025	2.972	75.210	783
Discount notes				
Export loans	5.665		2.951	
Import loans				
Loans given to financial sector	59.454			
Foreing loans				
Consumer loans	5.166			
Credit cards				
Precious metals loans				
Other	395.740	2.972	72.259	783
Specialized loans	170.371		59.102	
Other receivables				
Total	636.396	2.972	134.312	783

##### 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	32.000		3.600	
Non-specialized loans	881			
Specialized loans	25.454		649	
Other receivables	5.665		2.951	
Medium and long term loans and other receivables	604.396	2.972	130.712	783
Non-specialized loans	429.740	2.972	71.610	783
Specialized loans	169.490		59.102	
Other receivables	5.166			



## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 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	-	5.166	5.166
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	5.166	5.166
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 (Real Person)	-	-	0
Overdraft accounts-FC (Real Person)	-	-	0
Total	0	5.166	5.166

#### 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

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 5.e) Loan Distribution According to Borrowers:

	Current period (31.12.2009)	Prior period (31.12.2008)
Public	-	-
Private	774.463	589.070
Total	774.463	589.070

#### 5.f) Foreign and Domestic Loans:

	Current period (31.12.2009)	Prior period (31.12.2008)
Domestic loans	774.463	589.070
Foreign loans		
Total	774.463	589.070

#### 5.g) Loans granted to subsidiaries and affiliates:

	Current period (31.12.2009)	Prior period (31.12.2008)
Direct loans granted to subsidiaries and affiliates	783	703
Indirect loans granted to subsidiaries and affiliates		
Total	783	703

#### 5.ğ) Specific Provisions Provided Against Loans:

	Current period (31.12.2009)	Prior period (31.12.2008)
Loans and receivables with limited collectibility	17	10.556
Loans and receivables with doubtful collectibility	73	8.091
Uncollectible loans and receivables	65.879	46.281
Total	65.969	64.928

#### 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
<b>Current period (31.12.2009)</b>			<b>2.165</b>
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables			2.165
<b>Prior period (31.12.2008)</b>	<b>282</b>	<b>3.097</b>	<b>811</b>
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables	282	3.097	811

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### 5.h.2) The movement 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
<b>Prior period end balance (31.12.2008)</b>	<b>10.556</b>	<b>8.091</b>	<b>46.281</b>
Additions (+)	35.636	178	6.330
Transfers from other categories of loans under follow-up (+)		23.144	49.844
Transfers to other categories of loans under follow-up (-)	44.053	29.413	17
Collections (-)	91	408	7.930
Write-offs (-)	0	0	4.318
Commercial and corporate loans			
Individual loans			
Credit cards			
Other			4.318
<b>Current period end balance (31.12.2009)</b>	<b>2.048</b>	<b>1.592</b>	<b>90.190</b>
Specific provision (-)	17	73	65.879
Net Balance on balance sheet	2.031	1.519	24.311

### 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. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
<b>Current period (Net) (31.12.2009)</b>	<b>2.031</b>	<b>1.519</b>	<b>24.311</b>
Loans granted to real persons and legal entities (Gross)	2.048	1.592	90.190
Specific provision (-)	17	73	65.879
Loans granted to real persons and legal entities (Net)	2.031	1.519	24.311
Banks (Gross)			
Specific provision (-)			
Banks (Net)			
Other loans and receivables (Gross)			
Specific provision (-)			
Other loans and receivables (Net)			
Prior period (Net) (31.12.2008)			
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)			
Banks (Gross)			
Specific provision (-)			
Banks (Net)			
Other loans and receivables (Gross)			
Specific provision (-)			
Other loans and receivables (Net)			

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 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.i) Explanation on policy of derecognition dispoile 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:

There is no investments held to maturity subject to repurchase transactions. The total of the money that has been given as guarantee is 80.369 Thousand TL.

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Government bonds	80.369	25.332
Treasury bills		
Other public sector debt securities		
Total	80.369	25.332

##### 6.c) Information on investments held to maturity:

	Current period (31.12.2009)	Prior period (31.12.2008)
Debt securities	80.369	25.332
Quoted in a stock exchange	80.369	25.332
Not quoted		
Impairment provision (-)		
Total	80.369	25.332

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Beginning balance	25.332	3.262
Foreign currency differences on monetary assets		
Purchases during year	68.997	22.070
Disposals through sales and redemptions	-13.960	
Impairment provision (-)		
Period end balance	80.369	25.332

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 7. Information on affiliates (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 TÜRŞAN (***)	MARDİN	17,84	17,84
6 İSTANBUL RİSK SERMAYESİ GİRİŞİMİ (****)	LÜXEMBURG	6,25	6,25

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from securities	Current period profit / loss	Prior period profit / loss	Fair value
1	20.582	13.796	2.689	280		3.806	3.370	
2								
3								
4	6.631	6.557	6.215	11	0,10	-901	16	
5								
6								

Note:-The datas of Maksan A.Ş. is belongs to 30.09.2009.

-The datas of Türk Suudi Holding A.Ş. is belong to 30.09.2009

(\*) 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.

(\*\*\*\*)İstanbul Risk Sermayesi Girişimi (İVCI) has 160 Million EURO of capital commitment. The Bank has 10 Million EURO of capital commitment. The Bank has paid 518.750 EURO financial interest.

##### 7.b.2) Information on affiliates:

	Current period (31.12.2009)	Prior period (31.12.2008)
Balance at the beginning of the period	5.714	5.311
Movements during the period	407	403
Purchases	465	632
Capitalization Issue		
Profits taken from current year income		
Sales		
Revaluation increase		
Impairment provision	58	229
Balance at the end of the period	6.121	5.714
Capital commitments		
Share percentage at the end of the period (%)		

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 7.b.3) Sectoral information on affiliates and the related carrying amounts:

	Current period (31.12.2009)	Prior period (31.12.2008)
Banks		
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Affiliates	1.039	632

#### 8. Information on subsidiaries (Net):

##### 8.a 1) 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 securities	Current period profit / loss	Prior period profit / loss	Fair value
1	3.065	783	1.390	1		498	244	
2	23.488	9.322	341	675		156	21	
3	11.651	9.924	10.861			-63	-97	

Note: The datas belongs to 30.09.2009.

(\*) It is determined to counsel to Company's board to stop activities temporarily with 28.09.2009 dated and 2009-19-10/218 numbered decision of Bank's Board. However the Company's board apply to Capital Markets Board on 12.10.2009 to stop the company's activities temporarily for six months as of 31.12.2009, Capital Markets Board has been approved to stop the company's activities temporarily for twelve months as of 31.12.2009.

##### 8.a.2) Information on subsidiaries:

	Current period (31.12.2009)	Prior period (31.12.2008)
Balance at the beginning of the period	10.652	9.246
Movements in period	750	1.406
Purchases (*)	750	6.844
Capitalization Issue		
Profits taken from current year income		
Sales		
Revaluation increase		-259
Impairment provision		5.179
Balance at the end of the period	11.402	10.652
Capital commitments		
Share percentage at the end of the period (%)	100	100

(\*) Prior period (31.12.2008); 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 TL of the 6.844 Thousand TL belongs to Arıca A.Ş. and 3.469 Thousand TL belongs to Acıselşan A.Ş. and these amounts are transferred from loans under follow-up accounts. The portion of 3.375 Thousand TL of 5.179 Thousand TL of impairment provision belongs to Arıca A.Ş. and 1.804 Thousand TL belongs to Acıselşan A.Ş.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	8.987	8.987

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

None.

#### 9. Information on jointly controlled companies (joint ventures):

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 238 Thousand TL.

#### 11. Information on hedge instruments:

None

#### 12. Information on tangible assets:

	Real Estate	Leased Tangible Assets	Motor Vehicles	Other tangible Assets	Total
Balance at the end of prior period:					
Cost	127.689		279	4.264	132.232
Accumulated Depreciation (-)	20.996		279	1.698	22.973
Impairment Provisions	69.795				69.795
Net Book Value	36.898			2.566	39.464
Balance at the end of current period:					
Net Book Value at the beginning of the period	36.898			2.566	39.464
Purchases	1.380			382	1.762
Disposed	1.492			147	1.639
Deleted From Impairment Provision	7.276				7.276
Impairment Provisions	85				85
Current period Depreciation (-)	2.456			841	3.297
Depreciation of investment securities which is disposed	55				55
Deleted from the Depreciation of investment securities which is disposed (-)	35			147	182
Cost at the end of the period	64.973		279	4.499	69.751
Accumulated depreciation at the end of period (-)	23.292		279	2.391	25.962
Closing Net Book Value	41.681			2.108	43.789



## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 13. Information on intangible assets:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	Gross book value	Accumulated Depreciation	Gross book value	Accumulated Depreciation
Computer Software	1.371	868	1.276	419

#### 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 9.064 Thousand TL was reflected in the accompanying financial statements.

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

None.

#### 17. Information on other assets:

The total of other assets is 2.881 Thousand TL comprising of 36 Thousand TL of office supply inventories, 2.727 Thousand TL of temporary loan accounts, 116 Thousand TL miscellaneous receivables and 2 Thousand TL other receivables.

a) If the other assets are exceeds 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 do not exceed 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 (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Funds borrowed from the Central Bank of Turkey				
Domestic banks and institutions	2.150	186.568	4.087	159.882
Foreign banks, institutions and funds		446.448		205.946
Total	2.150	633.016	4.087	365.828

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 3.b) Maturity structure of funds borrowed:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Short-term	2.150	15.637	4.087	21.200
Medium and long-term		617.379		344.628
Total	2.150	633.016	4.087	365.828

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

##### 3.c.1) Explanations on received loans:

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 foreign institutions.

Most of the loans from foreign finance institutions are from World Bank, European Investment Bank, European Commission Development Bank, Islamic Development Bank and French Development Agency. Domestic loans are from Eximbank and Undersecretariat of Treasury.

##### 3.c.2) Explanations on received funds:

Almost all of the domestic funds amounting up to 111.666 TL are from Undersecretariat of Treasury. The risk of the Cyprus Bank's loans, used amounting up to 99.920 TL does not belong to the Bank.

##### 3.c.3) Explanations on received funds gained from repurchase agreement transactions:

All of the funds gained from repurchase agreement transactions amounting up to 183 Thousand TL are from real and legal people.

#### 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 (31.12.2009)	Prior period (31.12.2008)
General provisions	7.480	4.551
Provisions for first Group loans and receivables	4.224	2.389
Provisions for second Group loans and receivables	2.399	1.955
Provisions for non cash loans	21	8
Others	836	199

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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 31, 2009, the amount of Bank's provisions for termination indemnities is 17.188 Thousand TL (31.12.2008: 15.285 Thousand TL).

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:

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

Corporate Tax and Deferred Tax	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Corporate Tax Payable	6.409	-	9.676	-
Deferred Tax Liability	-	-	-	-
Total	6.409	-	9.676	-

8.a.2) Information on taxes payable:

	Current period (31.12.2009)	Prior period (31.12.2008)
Corporate taxes payable	6.409	9.676
Returns on stocks and bonds	24	77
Property tax	1	1
Banking Insurance Transaction Tax (BITT)	81	526
Foreign exchange legislation tax		
Value added tax payable		
Other	662	603
Total	7.177	10.883

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 8.a.3) Information on premiums:

	Current period (31.12.2009)	Prior period (31.12.2008)
Social security premiums-Employee	82	78
Social security premiums-Employer	115	109
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	12	11
Other		
Total	215	204

The current tax liability of 7.392 Thousand TL in the balance sheet is the sum of amounts included in notes (8.a.2) and (8.a.3).

#### 9. Explanation on liabilities for fixed assets held for sale and discontinued operations:

Bank does not have any liabilities from fixed assets 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, if there is the option to convert to share certificates:

None.

#### 11. Information on shareholders' equity:

##### 11.a) Paid-in capital:

	Current period (31.12.2009)	Prior period (31.12.2008)
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
Registered 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.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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 securities revaluation fund:

	Current period (31.12.2009)		Prior Period (31.12.2008)	
	TC	FC	TC	FC
From affiliates, subsidiaries and joint ventures (business partners)				
Revaluation difference	2.700		4.067	
Foreign exchange difference				
Total	2.700		4.067	

### 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:

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

None.

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

Bank's Turkish Currency guarantee letters amount up to 47 Thousand TL.

1.c.1) Non-cash loans:

	Current period (31.12.2009)	Prior period (31.12.2008)
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	11.099	4.302
Total	11.099	4.302

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### 1.c.2) Information on sectoral risk concentrations of non-cash loans:

	Current period (31.12.2009)				Prior period (31.12.2008)			
	TC	(%)	FC	(%)	TC	(%)	FC	(%)
Agricultural	2	4,26		0,00	2	2,50		0,00
Farming and raising livestock	2	4,26		0,00	2	2,50		0,00
Forestry		0,00		0,00		0,00		0,00
Fishing		0,00		0,00		0,00		0,00
Manufacturing	9	19,15	11.052	100,00	42	52,50	3.818	90,43
Mining		0,00		0,00		0,00		0,00
Production	9	19,15		0,00	42	52,50	3.760	89,06
Electric, gas and water		0,00	11.052	100,00		0,00	58	1,37
Construction	1	2,13		0,00	1	1,25		0,00
Services	35	74,47		0,00	35	43,75	404	9,57
Wholesale and retail trade		0,00		0,00		0,00		0,00
Hotel, food and beverage services		0,00		0,00		0,00		0,00
Transportation and telecommunication		0,00		0,00		0,00		0,00
Financial Institutions	35	74,47		0,00	35	43,75		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		0,00		0,00	404	9,57
Health and social services		0,00		0,00		0,00		0,00
Other		0,00		0,00		0,00		0,00
Total	47	100,00	11.052	100,00	80	100,00	4.222	100,00

### 1.c.3) Information about the non-cash loans classified in I and II Group:

	I.Group		II.Group	
	TC	FC	TC	FC
Non-cash loans	47	11.052		
Letters of guarantee	47			
Bank acceptances				
Letters of credit		11.052		
Endorsements				
Underwriting commitments				
Factoring guarantee				
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 pledges to pay the aforementioned amount on a date to be specified in accordance with the fund's investment plan. The fund has a 150 Million EURO pledged capital in the beginning by the new participations pledged capital raise up to 160 Million EURO as of March 2009. 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, 218.750 EURO has been paid on 06.07.2009 and totally 518.750 EURO has been paid.

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

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

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### IV-Explanations and notes to the income statement:

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

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Interest on loans (*)	38.028	19.498	44.042	18.935
Short term loans	1.132	849	468	1.188
Medium and long term loans	31.300	18.649	31.092	17.747
Interest on loans under follow-up	5.596		12.482	
Premiums received from resource utilization support fund				

(\*)The current and prior period datas includes fees and commissions received from cash-loans.

#### 1.b) Information on interest received from banks:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
From The Central Bank of Turkey				
From domestic banks	2	49	6.417	565
From foreign banks		110		324
From branches and offices abroad				
Total	2	159	6.417	889

#### 1. c) Information on interest received from securities:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Financial assets held for trading	15.768		18.607	
Financial assets where fair value change is reflected to income statement				
Financial assets available for sale				
Investments held to maturity	8.351		2.943	
Total	24.119		21.550	

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Interests received from affiliates and subsidiaries	204	77

#### 2.a) Information on interest payable to loans borrowed:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Banks	1.003	676	647	8.975
The Central Bank of Turkey				
Domestic banks	1.003	665	647	1.388
Foreign banks		11		7.587
Branches and offices abroad				
Other institutions	707	12.129	1.165	6.116
Total (*)	1.710	12.805	1.812	15.091

(\*)The current and prior period datas includes fees and commissions received from cash-loans.



# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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

None.

### 3. Information on dividend income:

	Current period (31.12.2009)	Prior period (31.12.2008)
Financial assets held for trading		
Financial assets where fair value change is reflected to income statement		
Financial assets available for sale	113	97
Other	233	214
Total	346	311

### 4. Net trading income/loss:

	Current period (31.12.2009)	Prior period (31.12.2008)
<b>Profit</b>	<b>7.252</b>	<b>11.988</b>
Profit from capital markets transactions	3.828	1.027
Profit from derivative financial transactions		
Profit from foreign exchange	3.424	10.961
<b>Loss (-)</b>	<b>1.243</b>	<b>3.134</b>
Losses from capital markets transactions		
Losses from derivative financial transactions		
Losses from foreign exchange losses	1.243	3.134

### 5. Information on other operating income:

	Current period (31.12.2009)	Prior period (31.12.2008)
Income arising from sale of assets	2.692	582
Reversed provision	10.770	14.450
Other	1.236	7.400
Total	14.698	22.432

### 6. Provision of banks loans and other receivables losses:

	Current period (31.12.2009)	Prior period (31.12.2008)
Specific provisions for loans and other receivables	8.854	25.984
III. Group loans and receivables	17	10.543
IV. Group loans and receivables	73	8.092
V. Group loans and receivables	8.764	7.349
General provision expenses	2.929	2.751
Provision expenses for possible losses		
Securities impairment expense		19
Financial assets where fair value change is reflected to income statement		
Financial assets available for sale		19
Impairment expense related to affiliates, subsidiaries and investment securities held to maturity		383
Affiliates		383
Subsidiaries		
Joint ventures (business partners)		
Investment securities held to maturity		
Other		
Total	11.783	29.137

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 7. Information related to other operational expenses:

	Current period (31.12.2009)	Prior period (31.12.2008)
Personnel expenses	39.337	37.375
Provision for Termination Indemnities	2.375	1.629
Bank social aid fund deficit provision		
Fixed assets impairment expense		
Depreciation expenses of fixed assets	3.297	3.116
Intangible assets impairment expense		
Goodwill impairment expense		
Amortization expenses of intangible assets	449	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	55	125
Impairment expenses for fixed assets held for sale and discontinued operations		
Other operating expenses	6.938	5.347
Operational leasing expenses	528	40
Maintenance expenses	1.431	489
Advertisement expenses	173	61
Other expenses	4.806	4.757
Loss on sales of assets	1	
Other	1.263	1.586
Total	53.800	49.631

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

As of 31.12. 2009, Bank's profit before taxes from continuing operations is 31.447 Thousand TL. The Bank has no discontinued operations in 2009 period.

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

As of 31.12. 2009, current tax expenses calculated from continuing operations of the Bank is 6.409 Thousand TL. Deferred tax income is 541 Thousand TL.

##### 9.a) Calculated current tax income or expense and deferred tax income or expense:

For the 01.01.2009-31.12.2009 period, 1.965 Thousand TL deferred tax expenses and 2.506 Thousand TL deferred tax income accrued for the Bank.

##### 9.b) Deferred tax income or expenses caused by temporary differences accruing and closing:

At the end of the 01.01.2009-31.12.2009 period 2.506 Thousand TL deferred tax income in comparison to the 1.965 Thousand TL deferred tax expense accrued after netting-off the 541 Thousand TL deferred tax income accrued 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, 541 Thousand TL is reflected to the income statement. Consequently a net balance of 541Thousand TL reflected to the income statement due to the temporary difference, financial loss and tax deduction and exception.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

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

The Bank acquired 25.579 Thousand TL net profit from continuing operations during the 01.01.2009-31.12.2009 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 31.12.2009, a portion of 7.096 Thousand TL of the 8.138 Thousand TL Other Interest Expenses Account consists of the interest paid to KKTC (Turkish Republic of Northern Cyprus) fund loan; portions of 4.442 Thousand TL and 4.870 Thousand TL the consist of 15.044 Thousand TL Other Fee and Commissions Received, is from Fee and Commissions Received from Medium and Long Term Fund Based Loans and Fee and Commissions Received from Medium and Long Term Other Investment Loans.

#### 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 TL, and legal reserves amount is 26.327 Thousand TL, extraordinary reserves amount is 76.389 Thousand TL as of the balance sheet date.

The total value of financial assets increased fund which arises from valuation fund of financial assets available for sale is 2.700 Thousand TL

Total amount of the capitalization issues from shareholders is 468 Thousand TL.

#### VI. Explanations and Notes to the Cash Flow Statement

Information on the cash and cash equivalents:

	Current Period (31.12.2009)	Previous Period (31.12.2008)
Cash	8.355	10.824
Cash	85	60
Demand Deposits at Banks	8.270	10.764
Cash Equivalents	187.860	207.062
Interbank Money Market	110.600	170.000
Time Deposits at Banks	77.260	37.062
Total Cash and Cash Equivalents	196.215	217.886

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

#### 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: 31.12.2009

Bank's risk Group	Affiliates, 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	703					
Balance at the end of the period	783					
Interest and commission income received	204					

##### b) Prior Period: 31.12.2008

Bank's risk Bank	Affiliates, 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	950	102				
Balance at the end of the period	703					
Interest and commission income received	77	3				

##### 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	1	12			
Foreign representation					
			1-		
			2-		
			3-		
Foreign branch			1-		
			2-		
			3-		
Off-shore banking region branches			1-		
			2-		
			3-		

Note: 741 people work in the Bank totally, 12 employees employ in the İstanbul branch.

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Non-Consolidated Financial Statements Dated 31 December 2009

(Figures are in thousand Turkish Liras [TL] unless otherwise stated)

### 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 2009 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
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### SECTION SEVEN INDEPENDENT AUDIT REPORT

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

Financial statements dated 31 December 2009 and for the period then ended have been audited by Rehber Independent Auditing & Chatered Accountants Inc. and the independent audit report dated 3 March 2010 and numbered as 2010/04 is included at the beginning of financial statements.

#### II. Explanations and Notes Prepared by the Independent Auditor

None.



# **TÜRKİYE KALKINMA BANKASI A.Ş.**

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





## TÜRKİYE KALKINMA BANKASI A.Ş.

FOR THE 1 JANUARY 2009-31 DECEMBER 2009

### 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, 2009 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, 2009, 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, 03.03.2010, 2010/04

#### **REHBER INDEPENDENT AUDITING & CHARTERED ACCOUNTANTS INC.**

A MEMBER FIRM OF INTERNATIONAL EUROGROUP CONSULT



REHBER BAĞIMSIZ DENETİM  
ve YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Adil ÖNER  
Chief Executive Auditor

# TÜRKİYE KALKINMA BANKASI A.Ş. NON-CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED, 31 DECEMBER 2009

Headquarters Address: Necatibey Cad. No: 98  
P.K.06100  
Bakanlıklar/ANKARA-TURKEY  
Telephone and Fax Numbers: Tel: 0312 231 84 00  
Faks: 0312 231 43 41  
Internet Address: <http://www.kalkinma.com.tr>  
E-mail Address: [muhasabe@kalkinma.com.tr](mailto:muhasabe@kalkinma.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 AND EXPLANATIONS 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.

Subsidiaries	Affiliates	Jointly Controlled Companies
1 Kalkınma Yatırım Men. Değ. A.Ş.	İVCI (İstanbul Risk Sermaye Girişimi)	-

The consolidated financial statements and notes to the financial statements included in this report are prepared in **Thousand 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



**Adnan YALÇINCI**  
Assistant General Manager  
Responsible for Financial Reporting



**Aydın TOSUN**  
Finance Manager Deputy

## 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

**SECTION ONE****General Information**

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

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- I- Explanations on Basis of Presentation
- II- Explanation on Utilization Strategy of Financial Instruments and Foreign Currency Transactions
- III- Explanation on Presentation of Information on Consolidated Companies
- IV- Explanations on Futures, Option Agreement and Derivative Instruments
- V- Explanations on Interest Income and Expenses
- VI- Explanations on Salary and Commission Income and Expenses
- VII- Explanation on Financial Assets
- VIII- Explanations on Impairment of Financial Assets
- IX- Explanations on Netting of Financial Assets
- X- Explanations on Sales and Repurchase Agreements and Lending of Marketable Securities
- XI- Explanations on Fixed Assets Held For Sale and From Discontinued Operations and Liabilities From Mentioned Assets
- XII- Explanations on Goodwill and Other Intangible Assets
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- XIV- Explanations on Lease Transactions
- XV- Explanations on Provisions and Conditional Liabilities
- XVI- Explanations on Employee Benefits
- XVII- Explanations on Tax Applications
- XVIII- Additional Explanations on Borrowings
- XIX- Explanations on Issued Stocks
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- XXI- Explanations on Government Incentives
- XXII- Explanations on Reporting by Segments
- XXIII- Explanations on Other Issues

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- I- Explanations on Consolidated Standard Capital Adequacy Ratio
- II- Explanations on Consolidated Credit Risk
- III- Explanations on Consolidated Market Risk
- IV- Explanations on Consolidated Operational Risk
- V- Explanations on Consolidated Exchange Rate Risk
- VI- Explanations on Consolidated Interest Rate Risk
- VII- Explanations on Consolidated Liquidity Risk
- VIII- Explanations on the Presentation of Financial Assets and Liabilities With Their Fair Values
- IX- Explanations on the Transactions Made to Other Parties or Their Accounts and Transactions Based on Faith

**SECTION FIVE****Explanations and Notes to the Consolidated Financial Statements**

- 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 Consolidated Off-Balance Sheet Accounts
- 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, Foreign, Off-shore Branches or Affiliates or International Representative Offices

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- 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

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### SECTION ONE GENERAL INFORMATION

#### 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 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 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 registered capital system is 500.000.000 TL. The issued capital level, according to this capital is 160.000.000 TL, (The Bank's capital consist of 16 Billion lots that on eof each costs 0,01 TL.) the shareholders and their shares in the share capital are as follows.

Shareholders	Share Amount (Thousand TL)	Share (%)
Treasury	158.530,45	99,08
Other Shareholders	1.469,55	0,92
<b>Total</b>	<b>160.000,00</b>	<b>100,00</b>

#### 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
	Özcan TENGİLİMOĞLU
	İrfan TOKGÖZ
	Mehmet AYDIN
	Şerif ÇELENK

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

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### Audit Committee Members:

Mustafa GÜNEŞ  
Mahmut Hadi EKİCİ (\*)  
Bahri KIZILKAYA (\*)  
Ferhat KARAŞ (\*\*)

General Manager and Assistants:

### General Manager:

Abdullah ÇELİK

Assistant General Managers:

Bahattin SEKKİN  
Adnan YALÇINCI  
Zekai İŞILDAR  
Metin PEHLİVAN  
İrfan YAŞAR (\*\*\*)

(\*) Bahri KIZILKAYA and Mahmut Hadi EKİCİ have resigned from their assignments on 30.12.2009 and 15.02.2010

(\*\*) Ferhat KARAŞ has been promoted to become a member of Audit Committee on 28.01.2010

(\*\*\*) İrfan YAŞAR has been promoted to Assistant General Manager position with 2209/11421 numbered decision regarding to the 06.12.2009 dated and 27424 numbered Official Gazette and he has started his job on 16.12.2009

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

The Treasury owns 99.08% of the Parent Company Bank.

### V- 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)

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. CONSOLIDATED BALANCE SHEET

Appendix: 1-A

THOUSAND TURKISH LIRA							
ASSETS	CURRENT PERIOD (31/12/2009)				PRIOR PERIOD (31/12/2008)		
	Disc.	TC	FC	Total	TC	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	(1)	254		254	85		85
<b>II. FINANCIAL ASSETS WHERE FAIR VALUE CHANGE IS REFLECTED TO INCOME STATEMENT (Net)</b>	(2)	123.935		123.935	109.626		109.626
2.1.Financial assets held for trading		123.935		123.935	109.626		109.626
2.1.1.Public sector debt securities		123.935		123.935	109.626		109.626
2.1.2.Securities representing a share in capital							
2.1.3.Derivative financial assets held for trading							
2.1.4.Other marketable securities							
2.2.Financial assets where fair value change is reflected to income statement							
2.2.1.Public sector debt securities							
2.2.2.Securities representing a share in capital							
2.2.3.Loans							
2.2.4.Other marketable securities							
<b>III. BANKS</b>	(3)	15.391	79.504	94.895	11.456	42.685	54.141
<b>IV. MONEY MARKET SECURITIES</b>		110.620		110.620	178.087		178.087
4.1.Interbank money market placements		110.620		110.620	170.661		170.661
4.2.Istanbul Stock Exchange money market placements					2.923		2.923
4.3.Receivables from reverse repurchase agreements					4.503		4.503
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	4.528		4.528	6.696		6.696
5.1.Securities representing a share in capital		969		969	969		969
5.2.Public sector debt securities							
5.3.Other marketable securities		3.559		3.559	5.727		5.727
<b>VI. LOANS AND RECEIVABLES</b>	(5)	241.902	560.441	802.343	253.261	337.002	590.263
6.1.Loans and Receivables		214.041	560.441	774.482	253.261	337.002	590.263
6.1.1.Loans granted to the Bank's risk group		783		783	703		703
6.1.2.Public sector debt securities							
6.1.3.Other		213.258	560.441	773.699	252.558	337.002	589.560
6.2.Loans under follow-up		93.843		93.843	64.941		64.941
6.3.Specific provisions (-)		65.982		65.982	64.941		64.941
<b>VII. FACTORING RECEIVABLES</b>							
<b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>	(6)	80.369		80.369	25.332		25.332
8.1.Public sector debt securities		80.369		80.369	25.332		25.332
8.2.Other marketable securities							
<b>IX. INVESTMENTS AND ASSOCIATES (Net)</b>	(7)	5.082	623	5.705	5.988	632	6.620
9.1.Accounted with equity method			623	623	5.988		5.988
9.2.Non-consolidated investments and associates		5.082		5.082		632	632
9.2.1.Financial investments and associates						632	632
9.2.2.Non-financial investments and associates		5.082		5.082			
<b>X. SUBSIDIARIES (Net)</b>	(8)	2.415		2.415	1.665		1.665
10.1.Non-consolidated financial subsidiaries							
10.2.Non-consolidated non-financial subsidiaries		2.415		2.415	1.665		1.665
<b>XI. JOINT VENTURES (BUSINESS PARTNERS) (Net)</b>	(9)						
11.1.Accounted with equity method							
11.2.Non-consolidated joint ventures							
11.2.1.Financial joint ventures							
11.2.2.Non-financial joint ventures							
<b>XII. RECEIVABLES FROM LEASING TRANSACTIONS</b>	(10)	238		238	3		3
12.1.Finance lease receivables							
12.2.Operational leasing receivables		238		238	3		3
12.3.Others							
12.4.Unearned income (-)							
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING</b>	(11)						
13.1.Fair value hedges							
13.2.Cash flow hedges							
13.3.Hedges for investments made in foreign countries							
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>	(12)	44.088		44.088	39.818		39.818
<b>XV. INTANGIBLE ASSETS [Net]</b>	(13)	506		506	867		867
15.1.Goodwill							
15.2.Other		506		506	867		867
<b>XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)</b>	(14)						
<b>XVII. ASSETS FOR TAX</b>	(15)	14.791		14.791	16.282		16.282
17.1.Current assets for tax		5.783		5.783	7.830		7.830
17.2.Deferred assets for tax		9.008		9.008	8.452		8.452
<b>XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)</b>	(16)						
18.1.Held for sale purpose							
18.2.Held from terminated operations							
<b>XIX. OTHER ASSETS</b>	(17)	2.162	885	3.047	2.249	234	2.483
<b>TOTAL ASSETS</b>		646.281	641.453	1.287.734	651.415	380.553	1.031.968

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. CONSOLIDATED BALANCE SHEET

Appendix: 1-A

THOUSAND TURKISH LIRA							
LIABILITIES	Disc.	CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)		
		TC	FC	Total	TC	FC	Total
<b>I. DEPOSITS</b>	<b>(1)</b>						
1.1. Deposits held by the Bank's risk group							
1.2. Other							
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(2)</b>						
<b>III. FUNDS BORROWED</b>	<b>(3)</b>	2.167	633.016	635.183	4.105	365.828	369.933
<b>IV. INTERBANK MONEY MARKET</b>		183		183	6.549		6.549
4.1. Interbank money market payables					2.923		2.923
4.2. Istanbul Stock Exchange money market payables					58		58
4.3. Funds provided under repurchase agreements		183		183	3.568		3.568
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>							
5.1. Bills							
5.2. Asset backed securities							
5.3. Bonds							
<b>VI. FUNDS</b>		111.621	45	111.666	128.079	46	128.125
6.1. Borrower funds							
6.2. Other		111.621	45	111.666	128.079	46	128.125
<b>VII. MISCELLANEOUS PAYABLES</b>		2.542	607	3.149	2.096	407	2.503
<b>VIII. OTHER EXTERNAL RESOURCES</b>	<b>(4)</b>	4.862	1.057	5.919	5.053	3.221	8.274
<b>IX. FACTORING PAYABLES</b>							
<b>X. LEASING TRANSACTIONS PAYABLES</b>	<b>(5)</b>						
10.1. Finance leasing payables							
10.2. Operational leasing payables							
10.3. Other							
10.4. Deferred finance leasing expenses (-)							
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING</b>	<b>(6)</b>						
11.1. Hedges for protection of fair value risk							
11.2. Hedges for protection of cash flow risk							
11.3. Hedges for investments made in foreign countries							
<b>XII. PROVISIONS</b>	<b>(7)</b>	25.216		25.216	20.097		20.097
12.1. General provisions		7.480		7.480	4.551		4.551
12.2. Restructuring reserves							
12.3. Reserves for employee benefit		17.541		17.541	15.488		15.488
12.4. Insurance technical reserves (Net)							
12.5. Other provisions		195		195	58		58
<b>XIII. LIABILITIES FOR TAX</b>	<b>(8)</b>	7.535		7.535	11.204		11.204
13.1. Current tax liabilities		7.535		7.535	11.204		11.204
13.2. Deferred tax liabilities							
<b>XIV. LIABILITIES FOR FIXED ASSETS HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS</b>	<b>(9)</b>						
14.1. Held for sale purpose							
14.2. Held from terminated operations							
<b>XV. SUBORDINATED LOANS</b>	<b>(10)</b>						
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(11)</b>	498.883		498.883	485.283		485.283
16.1. Paid-in capital		160.000		160.000	160.000		160.000
16.2. Supplementary capital		210.297		210.297	211.809		211.809
16.2.1. Share premium		1.491		1.491	1.491		1.491
16.2.2. Share cancellation profits							
16.2.3. Valuation changes of marketable securities		2.700		2.700	4.067		4.067
16.2.4. Revaluation changes of tangible assets							
16.2.5. Revaluation changes of intangible assets							
16.2.6. Revaluation changes of real estates for investment purpose							
16.2.7. Free shares from affiliates, subsidiaries and joint ventures (business partners)		468		468	468		468
16.2.8. Hedging funds (Active part)							
16.2.9. Accumulated valuation differences of fixed assets held for sale purpose and held from terminated operations							
16.2.10. Other capital reserves		205.638		205.638	205.783		205.783
16.3. Profit reserves		103.331		103.331	75.993		75.993
16.3.1. Legal reserves		26.942		26.942	24.973		24.973
16.3.2. Status reserves							
16.3.3. Extraordinary reserves		76.389		76.389	51.020		51.020
16.3.4. Other profit reserves							
<b>16.4. Profit or loss</b>		25.255		25.255	37.481		37.481
16.4.1. Prior year income/loss							
16.4.2. Current year income/loss		25.255		25.255	37.481		37.481
16.5. Minority share	<b>(12)</b>						
<b>TOTAL LIABILITIES</b>		<b>653.009</b>	<b>634.725</b>	<b>1.287.734</b>	<b>662.466</b>	<b>369.502</b>	<b>1.031.968</b>

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. CONSOLIDATED OFF BALANCE SHEET COMMITMENTS

Appendix: 1-B

THOUSAND TURKISH LIRA							
		CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)		
	Disc.	TC	FC	Total	TC	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		23.172	618.634	641.806	50.494	220.943	271.437
I. GUARANTEES AND WARRANTIES	(1), (3)	47	11.052	11.099	80	4.222	4.302
1.1.Letters of guarantee		47		47	80		80
1.1.1.Guatantees subject to State Tender Law							
1.1.2.Guarantees given for foreign trade operations							
1.1.3.Other letters of guarantee		47		47	80		80
1.2.Bank acceptances							
1.2.1.Import letter of acceptance							
1.2.2.Other bank acceptances							
1.3.Letters of credit			11.052	11.052		4.222	4.222
1.3.1.Documentary letters of credit							
1.3.2.Other letters of credit			11.052	11.052		4.222	4.222
1.4.Prefinancing given as guarantee							
1.5.Endorsements							
1.5.1.Endorsements to the Central Bank of Turkey							
1.5.2.Other endorsements							
1.6.Securities issue purchase guarantees							
1.7.Factoring guarantees							
1.8.Other guarantees							
1.9.Other warranties							
II. COMMITMENTS	(1), (3)	23.125	607.582	630.707	50.414	216.721	267.135
2.1.Irrevocable commitments			20.348	20.348		20.426	20.426
2.1.1.Asset purchase and sales commitments							
2.1.2.Deposit purchase and sales commitments							
2.1.3.Share capital commitment to affiliates and subsidiaries			20.348	20.348		20.426	20.426
2.1.4.Loan granting commitments							
2.1.5.Securities issue brokerage commitments							
2.1.6.Commitments for reserve deposit requirements							
2.1.7.Payment commitments for checks							
2.1.8.Tax and fund liabilities from export commitments							
2.1.9.Commitments for credit card expenditure limits							
2.1.10.Commitments for credit cards and banking services promotions							
2.1.11.Receivables from short sale commitments							
2.1.12.Payables for short sale commitments							
2.1.13.Other irrevocable commitments							
2.2.Revocable commitments		23.125	587.234	610.359	50.414	196.295	246.709
2.2.1.Revocable loan granting commitments		23.125	587.234	610.359	50.414	196.295	246.709
2.2.2.Other revocable commitments							
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)						
3.1.Derivative financial instruments held for hedging							
3.1.1.Hedges for protection of fair value risk							
3.1.2.Hedges for protection of cash flow risk							
3.1.3.Hedges for investments made in foreign countries							
3.2.Trading transactions							
3.2.1.Forward foreign currency buy/sell transactions							
3.2.1.1.Forward foreign currency transactions-buy							
3.2.1.2.Forward foreign currency transactions-sell							
3.2.2.Swap transactions related to foreign currency and interest rates							
3.2.2.1.Foreign currency swap-buy							
3.2.2.2.Foreign currency swap-sell							
3.2.2.3.Interest rate swaps-buy							
3.2.2.4.Interest rate swaps-sell							
3.2.3.Foreign currency, interest rate and security options							
3.2.3.1.Foreign currency options-buy							
3.2.3.2.Foreign currency options-sell							
3.2.3.3.Interest rate options-buy							
3.2.3.4.Interest rate options-sell							
3.2.3.5.Securities options-buy							
3.2.3.6.Securities options-sell							
3.2.4.Futures transactions							
3.4.1.Futures transactions-buy							
3.2.4.2.Futures transactions-sell							
3.2.5.Interest rate futures							
3.2.5.1.Interest rate futures-buy							
3.2.5.2.Interest rate futures-sell							
3.2.6.Other							
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.951.281	3.993.268	6.944.549	2.913.707	2.958.838	5.872.545
IV. ITEMS HELD IN CUSTODY		14.438	430	14.868	15.713	410	16.123
4.1.Assets under management							
4.2.Securities held in custody		14.438		14.438	15.713		15.713
4.3.Checks received for collection							
4.4.Commercial notes received for collection							
4.5.Other assets received for collection							
4.6.Assets received for public offering							
4.7.Other items under custody			430	430		410	410
4.8.Custodians							
V. PLEDGED ITEMS		2.935.843	3.992.838	6.928.681	2.897.994	2.958.428	5.856.422
5.1.Marketable securities							
5.2.Guarantee notes		255.137	603.635	858.772	319.077	426.319	745.396
5.3.Commodity							
5.4.Warranty							
5.5.Immovables		2.009.265	2.753.867	4.763.132	2.074.592	2.210.509	4.285.101
5.6.Other pledged items		52.594	291.320	343.914	57.781	79.567	137.348
5.7.Pledged items-depository		618.847	344.016	962.863	446.544	242.033	688.577
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		1.000		1.000			
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		2.974.453	4.611.902	7.586.355	2.964.201	3.179.781	6.143.982



# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. CONSOLIDATED INCOME STATEMENT

Appendix: 1-C

THOUSAND TURKISH LIRA			
INCOME AND EXPENSE ITEMS	Disc.	CURRENT PERIOD	PRIOR PERIOD
		(01/01/2009-31/12/2009)	(01/01/2008-31/12/2008)
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>85.062</b>	<b>108.382</b>
1.1. Interest on loans		46.175	53.985
1.2. Interest received from reserve deposits			
1.3. Interest received from banks		1.012	7.974
1.4. Interest received from money market transactions		13.691	24.380
1.5. Interest received from marketable securities		24.173	22.035
1.5.1. Financial assets held for trading		15.822	19.092
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		8.351	2.943
1.6. Finance lease income			
1.7. Other interest income		11	8
<b>II. INTEREST EXPENSES</b>	<b>(2)</b>	<b>22.059</b>	<b>24.643</b>
2.1. Interest on deposits			
2.2. Interest on funds borrowed		13.921	16.335
2.3. Interest on money market transactions			
2.4. Interest on securities issued			
2.5. Other interest expenses		8.138	8.308
<b>III. NET INTEREST INCOME/EXPENSES (I-II)</b>		<b>63.003</b>	<b>83.739</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>13.916</b>	<b>10.771</b>
4.1. Fees and commissions received		15.053	11.578
4.1.1. Non-cash loans		9	14
4.1.2. Other		15.044	11.564
4.2. Fees and commissions paid		1.137	807
4.2.1. Non-cash loans		13	12
4.2.2. Other		1.124	795
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>346</b>	<b>311</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	<b>(4)</b>	<b>7.445</b>	<b>9.960</b>
6.1. Profit/loss on trading account securities		5.264	2.133
6.2. Profit/loss on derivative financial transactions			
6.2. Foreign exchange profit/loss		2.181	7.827
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>14.933</b>	<b>22.389</b>
<b>VIII. TOTAL OPERATING INCOME/EXPENSES (III+IV+V+VI+VII)</b>		<b>99.643</b>	<b>127.170</b>
<b>IX. PROVISION OF IMPAIRMENT FOR LOAN OR OTHER RECEIVABLES LOSSES (-)</b>	<b>(6)</b>	<b>11.783</b>	<b>29.137</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>56.274</b>	<b>52.172</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>31.586</b>	<b>45.861</b>
<b>XII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>			
<b>XIII. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>-416</b>	<b>906</b>
<b>XIV. NET MONETARY POSITION GAIN/LOSS</b>			
<b>XV. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>(8)</b>	<b>31.170</b>	<b>46.767</b>
<b>XVI. PROVISION FOR TAXES FROM CONTINUING OPERATIONS (±)</b>	<b>(9)</b>	<b>-5.915</b>	<b>-9.286</b>
16.1. Current tax provision		-6.471	-9.731
16.2. Deferred tax provision		556	445
<b>XVII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>25.255</b>	<b>37.481</b>
<b>XVIII. INCOME FROM TERMINATED OPERATIONS</b>			
18.1. Fixed assets income held for sale			
18.2. Sale profits from affiliates, subsidiaries and joint ventures (business partners)			
18.3. Other income from terminated operations			
<b>XIX. EXPENSES FROM TERMINATED OPERATIONS (-)</b>			
19.1. Fixed assets expense held for sale			
19.2. Sale losses from affiliates, subsidiaries and joint ventures (business partners)			
19.3. Other expenses from terminated operations			
<b>XX. PROFIT/LOSS BEFORE TAXES FROM TERMINATED OPERATIONS (XVIII-XIX)</b>	<b>(8)</b>		
<b>XXI. PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)</b>	<b>(9)</b>		
21.1. Current tax provision			
21.2. Deferred tax provision			
<b>XXII. NET PROFIT/LOSS FROM TERMINATED OPERATIONS (XX±XXI)</b>	<b>(10)</b>		
<b>XXIII. NET PROFIT/LOSSES (XVII+XXII)</b>	<b>(11)</b>	<b>25.255</b>	<b>37.481</b>
23.1. Group's profit/loss			
23.2. Minority shares			
Earnings/Losses per share*		0,00158	0,00234

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### TÜRKİYE KALKINMA BANKASI A.Ş. CONSOLIDATED INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS' EQUITY

Appendix: 1-Ç

	THOUSAND TURKISH LIRA	
	CURRENT PERIOD (01/01/2009-31/12/2009)	PRIOR PERIOD (01/01/2008-31/12/2008)
<b>INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS' EQUITY</b>		
I. FINANCIAL ASSETS AVAILABLE FOR SALE ADDED TO MARKETABLE SECURITIES VALUATION CHANGES ACCOUNT	-1.709	-689
II. REVALUATION CHANGES OF TANGIBLE ASSETS		
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	342	138
X. NET INCOME/EXPENSE ACCOUNTS DIRECTLY BOOKED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	-1.367	-551
XI. CURRENT PROFIT/LOSSES	25.255	37.481
11.1.Net changes in fair value at securities (Transferred to profit/loss)	24.173	22.035
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	1.082	15.446
<b>XII. TOTAL PROFIT/LOSSES BOOKED IN CURRENT PERIOD (X±XI)</b>	<b>23.888</b>	<b>36.930</b>

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

TÜRKİYE KALKINMA BANKASI A.Ş. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY																Appendix: 1-1			
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																THOUSAND TURKISH LIRA			
Disclosure	Paid-in capital	Adjustment to paid-in capital	Share premium	Share cancellation	Share certificate profits	Legal reserves	Status reserves	Extraordinary reserves	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)	Valuation changes in marketable securities	Revaluation changes in property and intangible assets	Free shares from shareholders	Hedging funds	Valuation change in property and intangible assets held for sale purposes/ terminated	Total	Azınlık Payları	Özkaynak
PRIOR PERIOD																			
(31.12.2009)																			
I. Balance at the beginning of the period	160.000		1.491			22.054		20.356	205.915	43.259	4.618			468			458.161		458.161
II. Adjustment in accordance with TMS 8																			
2.1 Effect of adjustment																			
2.2 Effect of changes in accounting policies																			
III. New balance (I+II)	160.000		1.491			22.054		20.356	205.915	43.259	4.618			468			458.161		458.161
Changes within the period																			
IV. Increase or decrease generated by merger																			
V. Valuation changes of marketable securities																			
VI. Hedging Funds (Active part)																			
6.1 Hedges for protection of cash flow risk																			
6.2 Hedges for investments made in foreign countries																			
VII. Revaluation changes of tangible assets																			
VIII. Revaluation changes of intangible assets																			
IX. Free shares from affiliates, 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 to bank's shareholders equity																			
XIV. Increase in capital																			
14.1. Cash																			
14.2. From internal resources																			
XV. Shares issued																			
XVI. Share cancellation profits																			
XVII. Adjustment to paid-in capital																			
XVIII. Other																			
XIX. Net profit or losses																			
XX. Profit distribution																			
20.1. Dividends distributed																			
20.2. Transfers to legal reserves																			
20.3. Other																			
Balances (III+IV+V +...+XVIII+XIX+XX)	160.000		1.491			24.973		51.020	205.783	37.481	4.067			468			485.283		485.283
CURRENT PERIOD																			
(31.12.2009)																			
I. Balances at end of prior period	160.000		1.491			24.973		51.020	205.783	37.481	4.067			468			485.283		485.283
Changes within the period																			
II. Increase or decrease generated by merger																			
III. Valuation changes of marketable securities																			
IV. Hedging Funds (Active Part)																			
4.1 Hedges for protection of cash flow risk																			
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 affiliates, 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 to bank's shareholders equity																			
XII. Increase in capital																			
12.1. Cash																			
12.2. From internal resources																			
XIII. Shares issued																			
XIV. Share cancellation profits																			
XV. Adjustment to paid-in capital																			
XVI. Other																			
XVII. Net profit or losses																			
XVIII. Profit distribution																			
18.1 Dividends distributed																			
18.2 Transfers to legal reserves																			
18.3. Other																			
Closing balances (I+II+III+...+XVI+XVII+XVIII)	160.000		1.491			26.942		76.389	205.638	25.255	2.700			468			498.883		498.883

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

TÜRKİYE KALKINMA BANKASI A.Ş.		Appendix: 1-E	
		THOUSAND TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2009-	(01/01/2008-
		31/12/2009)	31/12/2008)
CONSOLIDATED STATEMENT OF CASH FLOW		Disc.	
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1. Operating profit before changes in banking operating assets and liabilities(+)		20.124	45.783
1.1.1. Interest received (+)		53.094	69.289
1.1.2. Interest paid (-)		17.504	17.007
1.1.3. Dividend received (+)		346	311
1.1.4. Fees and commissions received (+)		15.053	11.578
1.1.5. Other income (+)		20.197	24.518
1.1.6. Collections from previously written off loans and other receivables (+)		5.596	12.482
1.1.7. Payments to personnel and service suppliers (-)		41.146	39.912
1.1.8. Taxes paid (-)		6.658	8.666
1.1.9. Other (+/-)	(1)	-8.854	-6.810
1.2. Changes in banking operating assets and liabilities		15.507	-22.326
1.2.1. Net increase (decrease) in financial assets held for trading (+/-)		-3.904	11.768
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 bank accounts (+/-)			
1.2.4. Net increase (decrease) decrease in loans (+/-)		-216.163	-203.880
1.2.5. Net increase (decrease) in other assets (+/-)		7.031	9.454
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 (+/-)		244.236	164.749
1.2.9. Net increase (decrease) in matured payables (+/-)			
1.2.10. Net increase (decrease) in other liabilities (+/-)	(1)	-15.693	-4.417
I. Net cash provided from banking operations (+/-)		35.631	23.457
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities (+/-)		-55.517	-26.597
2.1. Cash paid for purchase of affiliates, subsidiaries and joint ventures (business partners)		251	3.615
2.2. Cash obtained from sale of affiliates, subsidiaries and joint ventures (business partners)			
2.3. Fixed assets purchases (-)		9.498	5.571
2.4. Fixed assets sales (+)		1.650	1.650
2.5. Cash paid for purchase of financial assets available for sale (-)			
2.6. Cash obtained from sale of financial assets available for sale (+)		-532	
2.7. Cash paid for purchase of investment securities (-)		46.886	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 (+/-)		-8.810	-8.669
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 instruments issued (+)			
3.4. Dividends paid (-)		10.143	9.739
3.5. Payments for finance leases (-)			
3.6. Other (+/-)	(1)	1.333	1.070
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	2.181	7.827
V. Net increase in cash and cash equivalents (I+II+III+IV)		-26.515	-3.982
VI. Cash and cash equivalents at beginning of the year (+)		232.232	236.214
VII. Cash and cash equivalents at end of the year (V+VI)		205.717	232.232

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### TÜRKİYE KALKINMA BANKASI A.Ş. PROFIT DISTRIBUTION TABLE

Appendix: 1-F

	THOUSAND TURKISH LIRA	
	CURRENT PERIOD (31/12/2009)	PRIOR PERIOD (31/12/2008)
<b>I.DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1.CURRENT YEAR INCOME	31.988	46.355
1.2.TAXES AND DUTIES PAYABLE (-)	6.409	9.676
1.2.1.Corporate Tax (Income tax)	6.409	9.676
1.2.2.Income withholding tax		
1.2.3.Other taxes and duties		
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>25.579</b>	<b>36.679</b>
1.3.PRIOR YEARS LOSSES (-)		
1.4.FIRST LEGAL RESERVES (-)	1.279	1.834
1.5.LEGAL FUNDS THAT MUST BE SAVED AND LEFT IN THE BANK (-)		
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	<b>24.300</b>	<b>34.845</b>
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)		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 perpetual bonds		
1.6.4.To profit sharing bonds		
1.6.5.To holders of profit and loss sharing certificates		
1.7.DIVIDENDS TO PERSONNEL (-)		1.342
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)		
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)		
1.9.1.To owners of ordinary shares		
1.9.2.To owners of preferred shares		
1.9.3.To owners of perpetual bonds		
1.9.4.To profit sharing bonds		
1.9.5.To holders of profit and loss sharing certificates		
1.10.SECOND LEGAL RESERVES (-)		134
1.11.STATUTORY RESERVES (-)		
1.12.GENERAL RESERVES		25.369
1.13.OTHER RESERVES		
1.14.SPECIAL FUNDS		
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1.APPROPRIATED RESERVES		
2.2.SECOND LEGAL RESERVES (-)		
2.3.DIVIDENDS TO SHAREHOLDERS (-)		
2.3.1.To owners of ordinary shares		
2.3.2.To owners of preferred shares		
2.3.3.To owners of perpetual bonds		
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 (-)		
<b>III. EARNINGS PER SHARE</b>		
3.1.TO OWNERS OF ORDINARY SHARES		0,229
3.2.TO OWNERS OF ORDINARY SHARES (%)		22,9
3.3.TO OWNERS OF PRIVILAGED SHARES		
3.4.TO OWNERS OF PRIVILAGED SHARES (%)		
<b>IV. DIVIDEND PER SHARE</b>		
4.1.TO OWNERS OF ORDINARY SHARES		0,05
4.2.TO OWNERS OF ORDINARY SHARES (%)		5
4.3.TO OWNERS OF PRIVILAGED SHARES		
4.4.TO OWNERS OF PRIVILAGED SHARES (%)		

1) The Bank's competent body for distributing the current period's profit is General Assembly. The Bank's annual general meeting has not been made yet as of the issue date of financial statements.

2)The profit distrubition has been made according to the parent company Bank's non-consolidated financial statements.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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 Official 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 prepared in Turkish Liras and are based on historical cost except financial assets and liabilities shown with their fair value.

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 31.12.2008.

Figures stated in the attached financial statements, notes and explanations on these statements are Thousand Turkish Liras unless otherwise stated.

The said accounting policies and valuation basis are explained in the following II and XIX numbered notes.

##### 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.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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 Turkish Lira (TL) 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 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. Financial Statements based on "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 Official 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 off balance sheets accounts of subsidiaries are added together with the Parent Company Bank's assets, liabilities, income, expenses and off balance sheet 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 offset.

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.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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 Futures, Option Agreement and Derivative Instruments:

The parent company Bank has no futures and option agreement as of the balance sheet date.

#### V-Explanations on Interest Income and Expenses:

Interest is accounted according to accrual basis and effective rate of interest method of “ Financial instruments: Recognition and Measurement 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.

#### 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 person are included in the income statements in the periods they occur.

#### VII-Explanations on Financial Assets:

##### Financial assets:

Financial assets essentially make up parent company 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.

The financial assets of the parent company Bank are classified and accounted as “ Financial assets where fair value change is reflected to income statement”, Financial assets available for sale”, “Credits” or “Investments held to maturity”. The said financial assets’ purchase and sale transactions recorded and disposal according to their “delivery date”. The form of classification been decided on their gained dates by considering the purchase purposes of parent company Bank’s management.

##### Financial Assets Where Fair Value Change is Reflected to Income Statement

They are grouped under two main categories. First is “Financial Assets Held for Trading”, assets which are in principal purchased to be sold or repurchased in a short amount of time to gain profits in short term and the other one is securities that are classified as “Financial Assets Where Fair Value Difference is Reflected to the Income Statement” by parent company Bank.

The purchase and sale transactions of the financial assets held for trading recorded and disposed according to their “delivery date”. Financial assets held for trading reflected with their cost values to balance sheet and after recording they are evaluated with their fair values. Securities’ fair values which are being quoted in the stock market are calculated by stock market prices. The gains and losses have been formed as a result of this evaluation included to profit/loss accounts.



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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 or carried with cost values; 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.

The parent company Bank classify the financial assets where fair value difference is reflected to the income statement in the financial assets held for trading which is take place in this group. The parent company Bank hasn't got financial assets where fair value difference is reflected to the income statement.

#### Financial Assets Available for Sale

The parent company Bank accounted the financial assets available for sale by cost containing their costs of acquisition at the first recordings. Interest income of financial assets available for sale with constant and changable interests which are included 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 statement.

#### 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 costs of acquisition and evaluated according to redempted 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.

Foreign currency based loans 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 reflected in the income and expense accounts.

#### 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 to maturity for two years 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.

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#### 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:

The affiliates and subsidiaries which are trading on active market, if the fair value of them can be determined trustable will be reflected on the financial statements by their fair values. However, the direct contrary they will be reflected on the financial statements after cutting down the provision of impairment as of the 01.11.2006 which is the date of aplyment of bulletins issued dates. According to the bulletin related to Bank's Arrangement of Consolidated Financial Statement which is published on the 8 November 2006 dated and 26340 numbered Official Gazette; the subsidiaries qualified as financial institutions will be consolidated by using full consolidation method and however financial affiliates consolidated by using equity method.

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 capital 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 this 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 financial assets held for trading 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 Group 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.

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### 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 Fixed Assets Held for Sale and 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 financial statements.

Intangible fixed assets first records done with cost value finding by obtaining amounts and adding the necessary other direct expenses made for the asset to become usable. Intangible fixed assets in the following periods after recorded, evaluated with the values after deducting the accumulated depreciation and if there is accumulated decreasing of values from cost values.

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 first records done with cost value finding by obtaining amounts and adding the necessary other direct expenses made for the asset to become usable. Tangible fixed assets in the following periods after recorded, evaluated with the values after deducting the accumulated depreciation and if there is accumulated decreasing of values from cost values.

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. Real estates that the Bank own accounted with their expertise values according to judgements of Turkish Account Standart (TMS 16).

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. The investment expenditures that made for increasing the expected future benefits by developing its capacity will be

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added to its cost. Investment expenditures formed costs factors as lengthen the assets usable life, increase its service capacity, increase the quality of produced goods and services or expenditures decrease its costs.

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.

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 Transactions:

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".

The amount which can not been measured adequately or the situations that has no probability to fulfil the liability with resources out of the Bank, said liability has been accepted as "conditional" and been explained in the notes.

#### 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. 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.

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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 parent company Bank's trade balance profit. As a result of the Group's operations, calculated temporary tax for the period of 01.01-2009-31.12.2009, is declared in the context of temporary tax returns and was paid to the Tax Department on February 17th, 2010.

#### **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.

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

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#### 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 foreign 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, Islamic Development Bank and French Development Agency, 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 Issued Stocks:

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 priors 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. But, the Company's board apply to Capital Markets Board on 12.10.2009 to stop the company's activities temporarily for six months as of 31.12.2009, Capital Markets Board has been approved to stop the company's activities temporarily for twelve months as of 31.12.2009.

	Investment Banking	Treasury Operations	KYMD	Total
Net Interest Income	37.549	24.119	1.335	63.003
Capital Market Operations	-	3.828	1.436	5.264
Other Income	33.440	-	316	33.756
Other Expenses (-)	(67.570)	-	(2.867)	(70.437)
Profit Before Taxes	-	-	-	31.586
Tax Provision(-)	-	-	-	(5.915)
<b>Net Profit</b>				<b>25.671</b>

#### XXIII-Explanations on Other Issues:

None

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### SECTION FOUR INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

#### I-Explanations on Consolidated Standard Capital Adequacy Ratio:

The standard capital adequacy ratio of the Group (including market risk) is 70,61%. 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), (%)

	Bank					Consolidated				
	0%	10%	20%	50%	100%	0%	10%	20%	50%	100%
<b>RiskWeights</b>										
<b>Amounts subject to credit risk</b>										
Balance sheet items (Net)	306.995	0	411.671	291.986	140.150	307.076	0	421.196	291.986	140.104
Cash	85					92				
Matured marketable securities										
Balances with the Central Bank of Turkey	162					162				
Domestic banks, foreign banks, branches and offices abroad			85.368					94.863		
Money market placements	110.600					110.600				
Receivables from reverse repo transactions										
Reserve deposits										
Loans	97.956		321.091	288.086	58.042	97.956		321.091	288.086	58.061
Loans under follow-up (Net)					27.861					27.861
Financial lease receivables					238					238
Financial assets available for sale			3.559		969			3.559		969
Investments held to maturity	72.218					72.218				
Receivables from sale of matured assets										
Miscellaneous receivables					116					168
Interest and income accruals	11.220		1.653	3.900	689	11.220		1.683	3.900	689
Affiliates, subsidiaries, and joint ventures (business partners) (Net)					8.536					8.120
Tangible assets					43.103					43.402
Other assets	14.754				596	14.828				596
Off balance sheet items	0	0	10.110	950	20.387	0	0	10.110	950	20.387
Non-cash loans and commitments			10.110	950	20.387			10.110	950	20.387
Derivative financial instruments										
Not risk weighted accounts										
Total risk weighted assets	306.995	0	421.781	292.936	160.537	307.076	0	431.306	292.936	160.491

#### Summary information about the consolidated and bank only capital adequacy ratio:

	Bank		Consolidated	
	Current period (31/12/2009)	Prior period (31/12/2008)	Current period (31/12/2009)	Prior period (31/12/2008)
Amount subject to credit risk (I)	391.361	316.256	393.220	320.157
Amount subject to market risk (II)	25.163	25.000	25.163	25.000
Amount subject to operational risk (III)	286.900	257.937	291.731	262.088
Shareholders' equity	492.716	474.509	501.441	484.567
Shareholders' equity/(I+II+III)* 100	70,05	79,19	70,61	79,80

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#### Information about the shareholders equity items:

	Current period (31/12/2009)	Prior period (31/12/2008)
<b>CORE CAPITAL</b>		
Paid-in capital	160.000	160.000
Nominal capital	160.000	160.000
Capital commitments (-)		
Adjustment to paid-in capital	205.638	205.783
Share Premium	1.491	1.491
Share repeal		
Legal reserves	26.942	24.973
First legal reserve (Turkish Commercial Code 466/1)	13.342	11.507
Second legal reserve (Turkish Commercial Code 466/2)	13.600	13.466
Other legal reserve per special legislation		
Statutus reserves		
Extraordinary reserves	76.389	51.020
Reserves allocated by the General Assembly	76.389	51.020
Retained earnings		
Accumulated loss		
Foreign currency share capital exchange difference		
Adjustment to legal, status and extraordinary reserves		
Profit	25.255	37.481
Net Current period profit	25.255	37.481
Prior period profit		
Provisions for possible losses up to 25% of core capital		
Profit on sale of affiliates, subsidiaries and buildings		
Primary subordinated loans up to 15% of core capital		
Minority shares		
Loss (that is not covered with reserves) (-)	0	0
Net current period loss		
Prior period loss		
Leasehold improvements (-)		3
Prepaid expenses (-)	2.245	1.460
Intangible assets (-)	506	867
Deferred tax assets which exceeds 10% of core capital (-)		
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)		
Goodwill of consolidation (Net) (-)		
<b>Total Core Capital</b>	<b>492.964</b>	<b>478.418</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General reserves	7.480	4.551
45% of increase in revaluation fund of movables		
45% of increase in revaluation fund of fixed assets		
Free shares from affiliates, 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 value increase fund of securities	1.215	1.830
Affiliates and subsidiaries		
Financial assets available for sale	1.215	1.830
The differences of adjustment for inflation to paid-in capital, profit reserves and prior years losses(except the differences adjustment for inflation to legal, status and extraordinary reserves)		
Minority share		
<b>Total Supplementary Capital</b>	<b>9.163</b>	<b>6.849</b>



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	Current period (31/12/2009)	Prior period (31/12/2008)
<b>TIER III CAPITAL (Including Minority Shares(if exists))</b>		
<b>CAPITAL</b>	<b>502.127</b>	<b>485.267</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>686</b>	<b>700</b>
Partnership share on non-consolidated banks and financial institutions		
Loans extended to banks, financial institutions (domestic and foreign) or 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 for receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed.	686	700
Other		
<b>Total Shareholders' Equity</b>	<b>501.441</b>	<b>484.567</b>

### 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 approvals 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 **98,80%**.

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 **7.480** Thousand TL.

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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
<b>Credit distribution according to borrowers</b>	<b>743.152</b>	<b>569.070</b>	<b>59.191</b>	<b>20.000</b>	<b>208.832</b>	<b>141.654</b>	<b>0</b>	<b>0</b>
Private sector	737.986	564.301			4.528	6.696		
Public sector					204.121	134.664		
Banks			59.191	20.000				
Retail customers	5.166	4.769			183	294		
Securities representing a share in capital								
<b>Informations according to geographical concentration</b>	<b>743.152</b>	<b>569.070</b>	<b>59.191</b>	<b>20.000</b>	<b>208.832</b>	<b>141.654</b>	<b>0</b>	<b>0</b>
Domestic	743.152	569.070	59.191	20.000	208.832	141.654		
EU countries								
OECD countries (***)								
Off-shore banking regions								
USA, Canada								
Other countries								

\* Includes 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 Law numbered 5411.

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

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### Information according to geographical concentrations:

	Assets	Liabilities	Non-cash loans	Fixed capital expenditures	Net profit
<b>Current period (31.12.2009)</b>					
Domestic	1.129.976	316.917	11.099		32.926
European Union countries	78.231	350.730			-6.008
OECD countries (*)	23				
Off-shore banking regions					
USA, Canada	477	75.005			-145
Other countries		20.713			-1.194
Affiliates, subsidiaries and joint ventures (business partners)	8.120				
Unallocated assets/liabilities (**)	70.907	524.369			
Total	1.287.734	1.287.734	11.099	0	25.579
<b>Prior Period (31.12.2008)</b>					
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
Affiliates, 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

\* 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 (31/12/2009)				Prior period (31/12/2008)			
	TC	(%)	FC	(%)	TC	(%)	FC	(%)
Agricultural	4.359	2,04	6.371	1,14	5.956	2,35	4.237	1,26
Farming and raising livestock	4.307	2,01	6.371	1,14	5.800	2,29	4.237	1,26
Forestry	52	0,02			156	0,06		
Fishing								
Manufacturing	37.080	17,32	369.963	66,01	54.138	21,38	175.824	52,17
Mining								
Production	35.811	16,73	91.202	16,27	52.716	20,81	100.109	29,71
Electric, gas and water	1.269	0,59	278.761	49,74	1.422	0,56	75.715	22,47
Construction	6.748	3,15	362	0,06	8.392	3,31	359	0,11
Services	160.669	75,06	183.745	32,79	175.552	69,32	155.828	46,24
Wholesale and retail trade								
Hotel, food and beverage services	104.939	49,03	116.463	20,78	112.740	44,52	132.814	39,41
Transportation and telecommunication								
Financial Institutions	16.269	7,60	43.185	7,71	20.000	7,90		
Real estate and renting services								
Self-employment services								
Education services	11.146	5,21	4.332	0,77	20.069	7,92	4.301	1,28
Health and social services	28.315	13,23	19.765	3,53	22.743	8,98	18.713	5,55
Other	5.185	2,42			9.223	3,64	754	0,22
Total	214.041	100,00	560.441	100,00	253.261	100,00	337.002	100,00

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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 liability calculated for general market risk-Standard Method	711
(II) Capital liability calculated for specific risk-Standard Method	
(III) Capital liability calculated for currency risk-Standard Method	1.302
(IV) Capital liability calculated for commodity risk-Standard Method	
(V) Capital liability calculated for clearing risk-Standard Method	
(VI) Total Capital liability calculated for market risk because of options-Standard Method	
(VII) Capital liability calculated for general market risk at the Bank's using risk measurement model	
(VIII) Total Capital liability calculated for market risk (I+II+III+IV+V+VI)	2.013
(IX) Amount subject to market risk (12,5 x VIII) or (12,5 x VII)	25.163

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

	Current period (31/12/2009)			Prior period (31/12/2008)		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	698	787	643	623	721	490
Share risk						
Currency risk	1.746	2.687	1.302	1.559	2.058	985
Commodity risk						
Clearance risk						
Options risk						
Amount subject to total risk	2.444	3.330	2.013	2.182	2.681	1.475

#### IV. Explanations on Consolidated Operational 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 2010 as 178.350 Thousand TL by using the year end gross revenue of 2009, 2008 and 2007 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 Official Gazette dated November 1st, 2006 and numbered 26333.

Basic Indicator Method	31.12.2009	31.12.2008	31.12.2007
1 Net Interest Income	63.003	83.739	84.575
2 Net Fees And Commissions Income	13.916	10.771	8.683
3 Dividend Income	346	311	223
4 Trading Profit/Loss (Net)	7.445	9.960	-
5 Other Operating Income	14.933	22.385	25.661
6 Disposal profit-loss of financial assets available for sale and investments held for sale purpose	180	123	127
7 Extraordinary income (Including subs. and affi. shares and real estate disposal)	14.095	21.751	24.315
8 Revenue indemnified from insurance	-	-	-
9 Gross Income (1+2+3+4+5-6-7-8)	85.368	105.292	94.700
10 Capital Liability (9 x %15)	12.805	15.794	14.205
11 Average of operational risk capital liability	14.268		
12 Amount Subject to Operational Risk (11x12,5)	178.350		

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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.

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

Date	USD	EURO	100 JPY
31/12/2009	1,48610 TL	2,14610 TL	1,60500 TL
30/12/2009	1,49460 TL	2,13830 TL	1,62000 TL
29/12/2009	1,49430 TL	2,14510 TL	1,62800 TL
28/12/2009	1,49960 TL	2,15280 TL	1,63400 TL
25/12/2009	1,49910 TL	2,15350 TL	1,63600 TL

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-1,49159 TL, EURO-2,17365 TL, 100 JPY-1,65774 TL.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### Information on the exchange rate risk of the Parent Company Bank (Thousand TL):

	EURO	USD	Yen	Other FC	Total
<b>Current period (31.12.2009)</b>					
<b>Assets</b>					
Cash (cash, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey					0
Due from banks	78.550	859	46	49	79.504
Financial assets where fair value change is reflected to income statement					0
Money market placements					0
Financial assets available for sale					0
Loans	377.280	162.325		20.836	560.441
Affiliates, subsidiaries and joint ventures (business partners)	623				623
Investments held to maturity					0
Derivative financial assets held for hedging					0
Tangible Assets					0
Intangible assets					0
Other assets	802	83			885
<b>Total assets</b>	<b>457.255</b>	<b>163.267</b>	<b>46</b>	<b>20.885</b>	<b>641.453</b>
<b>Liabilities</b>					
Bank deposits					0
Foreign currency deposits					0
Money market takings					0
Funds provided from other financial institutions	451.324	161.024		20.713	633.061
Marketable securities issued					0
Miscellaneous payables	532	75			607
Derivative financial liabilities held for hedging					0
Other liabilities	947	110			1.057
<b>Total liabilities</b>	<b>452.803</b>	<b>161.209</b>	<b>0</b>	<b>20.713</b>	<b>634.725</b>
Net on balance sheet position	4.452	2.058	46	172	6.728
Net off balance sheet position	0	0	0	0	0
Receivables from derivative financial assets					0
Liabilities from derivative financial assets					0
Non-cash loans	5.418	5.634			11.052
<b>Prior period (31.12.2008)</b>					
Total assets	300.414	57.608	481	22.050	380.553
Total liabilities	292.600	55.011		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
Receivables from derivative financial assets					0
Liabilities from derivative financial assets					0
Non-cash loans	4.164	58			4.222

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### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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.

#### Interest rate sensitivity of assets, liabilities and off-balance sheet (by remaining time to repricing):

Current period (31.12.2009)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Demand	Total
<b>Assets</b>							
Cash (cash, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	162					92	254
Due from banks	86.786					8.109	94.895
Financial assets where fair value change is reflected to income statement	11.191	23.300	61.664	27.780			123.935
Money market placements	110.620						110.620
Financial assets available for sale	3.559					969	4.528
Loans	194.233	251.989	158.420	67.118	102.722	27.861	802.343
Investments held to maturity	9.912	19.270	31.709	19.478			80.369
Other assets						70.790	70.790
<b>Total assets</b>	<b>416.463</b>	<b>294.559</b>	<b>251.793</b>	<b>114.376</b>	<b>102.722</b>	<b>107.821</b>	<b>1.287.734</b>
<b>Liabilities</b>							
Bank deposits							0
Other deposits							0
Money market debts	183						183
Miscellaneous payables						3.149	3.149
Marketable securities issued							0
Funds provided from other financial institutions	166.343	183.470	280.999	98.900	17.137		746.849
Other liabilities	983					536.570	537.553
<b>Total liabilities</b>	<b>167.509</b>	<b>183.470</b>	<b>280.999</b>	<b>98.900</b>	<b>17.137</b>	<b>539.719</b>	<b>1.287.734</b>
Long position on balance sheet	248.954	111.089		15.476	85.585		461.104
Short position on balance sheet			-29.206			-431.898	-461.104
Long position on off balance sheet							0
Short position on off balance sheet	-11.099						-11.099
<b>Total position</b>	<b>237.855</b>	<b>111.089</b>	<b>-29.206</b>	<b>15.476</b>	<b>85.585</b>	<b>-431.898</b>	<b>-11.099</b>

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

Current period (31.12.2009)	EURO	USD	Jp Yen	TRY
<b>Assets</b>				
Cash (cash, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey				
Due from banks	0,16			
Financial assets where fair value change is reflected to income statement				7,64
Money market placements				6,50
Financial assets available for sale				
Loans	3,32	2,88		12,04
Investments held to maturity				12,86
<b>Liabilities</b>				
Bank deposits				
Other deposits				
Money market debts				
Miscellaneous payables				
Marketable securities issued				
Funds provided from other financial institutions	1,44	0,94		10,00

#### Interest Rate Sensitivity of Assets, Liabilities and Off-balance Sheet (by Remaining Time to Repricing):

Prior period (31.12.2008)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Demand	Total
<b>Assets</b>							
Cash (cash, 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
<b>Liabilities</b>							
Bank deposits							0
Other deposits							0
Money market debts	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
Long position on balance sheet	320.927	54.842	22.093		61.482		459.344
Short position on balance sheet				-11.532		-447.812	-459.344
Long position on off balance sheet							0
Short position on off balance sheet	-739	-404	-3.159				-4.302
Total position	320.188	54.438	18.934	-11.532	61.482	-447.812	-4.302



## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

Prior period (31.12.2008)	EURO	USD	Japanese Yen	TRY
<b>Assets</b>				
Cash (cash, 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
<b>Liabilities</b>				
Bank deposits				
Other deposits				
Money market debts				
Miscellaneous payables				
Marketable securities issued				
Funds provided from other financial institutions	5,50	3,60		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.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### Presentation of assets and liabilities according to their maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed*	Total
<b>Current period (31.12.2009)</b>								
<b>Assets</b>								
Cash (cash, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	254							254
Due from banks	8.109	86.786						94.895
Financial assets where fair value change is reflected to income statement		11.191	23.300	61.664	27.780			123.935
Money market placements		110.620						110.620
Marketable securities available for sale	969	3.559						4.528
Loans		6.471	31.472	96.466	428.589	211.484	27.861	802.343
Investments held to maturity		9.912	19.270	31.709	19.478			80.369
Other assets							70.790	70.790
Total assets	9.332	228.539	74.042	189.839	475.847	211.484	98.651	1.287.734
<b>Liabilities</b>								
Bank deposits								0
Other deposits								0
Funds provided from other financial instruments		7.112	15.186	37.862	299.468	387.078	143	746.849
Money market debts		183						183
Marketable securities issued								0
Miscellaneous payables	3.149							3.149
Other liabilities		1.126					536.427	537.553
Total liabilities	3.149	8.421	15.186	37.862	299.468	387.078	536.570	1.287.734
Liquidity gap	6.183	220.118	58.856	151.977	176.379	-175.594	-437.919	0
<b>Prior period (31.12.2008)</b>								
Total assets	11.811	236.369	55.310	150.316	446.261	64.163	67.738	1.031.968
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

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

#### VIII. Explanations on the Presentation of Financial Assets and Liabilities Shown With Their Fair Values:

While finding the fair values of the parent company Bank's financial receivables and liabilities, are considered with their discounted values by remaining time to their maturities. The ones 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 (TMS 39).

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

	Book value		Fair value	
	Current period (31.12.2009)	Prior period (31.12.2008)	Current period (31.12.2009)	Prior period (31.12.2008)
Financial assets	1.188.874	937.300	1.216.770	964.145
Money market placements	110.600	178.016	110.620	178.087
Due from banks	94.943	54.125	94.975	54.141
Financial assets available for sale	118.058	105.554	128.463	116.322
Investments held to maturity	72.218	22.322	80.369	25.332
Loans	793.055	577.283	802.343	590.263
Financial liabilities	745.694	499.474	750.181	507.110
Bank deposits				
Other deposits				
Funds provided from other financial institutions	742.545	496.971	747.032	504.607
Marketable securities issued				
Miscellaneous payables	3.149	2.503	3.149	2.503

### IX. Explanations on the Transactions Made to Other Parties or Their Accounts and Transactions Based on Faith:

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.

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

## SECTION FIVE EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### I-Explanations and Notes to the Asset Accounts of the Consolidated Balance Sheet:

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

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Cash and foreign currency	92	-	78	-
Central Bank	162	-	7	-
Other	-	-	-	-
Total	254	-	85	-

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

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Demand unrestricted amount	162	-	7	-
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Total	162	-	7	-

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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 (Net):

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Share certificates	-	-	-	-
Bonds, notes and other mark. Sec.	33.314	-	77.559	-
Other	-	-	-	-
Total	33.314	-	77.559	-

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 (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Banks				
Domestic banks	15.391	773	11.456	27.977
Foreign banks		78.731		14.708
Branches and offices abroad				
Total	15.391	79.504	11.456	42.685

3.b) Information on foreign bank account:

	Unrestricted amount		Restricted amount	
	Current period (31.12.2009)	Prior period (31.12.2008)	Current period (31.12.2009)	Prior period (31.12.2008)
European Union countries	971	2.144	77.260	9.687
USA and Canada	180	2.848	297	
OECD Countries*	23			
Off-shore banking regions				
Other		29		
Total	1.174	5.021	77.557	9.687

\* 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 (31.12.2009)	Prior period (31.12.2008)
Debt securities	3.559	5.727
Quoted in a stock exchange	3.559	5.727
Not quoted		
Share certificates	13.473	13.473
Quoted in a stock exchange		
Not quoted	13.473	13.473
Impairment provision (-)	12.504	12.504
Total	4.528	6.696

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 5. Explanations on loans:

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

	Current period (31.12.2009)		Prior period (31.12.2008)	
	Cash loans	Non-cash loans	Cash loans	Non-cash loans
Direct loans granted to shareholders				
Loans granted to legal person shareholders				
Loans granted to real person shareholders				
Indirect Loans granted to shareholders				
Loans granted to employees	5.166		4.769	
Total	5.166		4.769	

##### 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
<b>Cash Loans</b>				
Non-specialized loans	466.025	2.972	75.210	783
Discount notes				
Export loans	5.665		2.951	
Import loans				
Loans given to financial sector	59.454			
Foreign loans				
Consumer loans	5.166			
Credit cards				
Precious metals loans (Gold, etc...)				
Other	395.740	2.972	72.259	783
Specialized lending	170.371		59.102	
Other receivables	19			
Total	636.415	2.972	134.312	783

##### 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	32.019		3.600	
Non-specialized loans	881			
Specialized loans	25.454		649	
Other receivables	5.684		2.951	
Medium and long term loans and other receivables	604.396	2.972	130.712	783
Non-specialized loans	429.740	2.972	71.610	783
Specialized loans	169.490		59.102	
Other receivables	5.166			

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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	5.166	5.166
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	0	5.166	5.166
Other	-	-	0
Personnel loans-Indexed to FC	0	-	0
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	-	-	0
Other	-	-	0
Personnel loans-FC	0	-	0
Real estate loans	-	-	0
Automobile loans	-	-	0
Consumer loans	-	-	0
Other	-	-	0
Personnel credit cards-TC	0	-	0
Installment	-	-	0
Non-Installment	-	-	0
Personnel credit cards-FC	0	-	0
Installment	-	-	0
Non-Installment	-	-	0
Overdraft accounts-TC (Real person)	-	-	0
Overdraft accounts-FC (Real person)	-	-	0
Total	0	5.166	5.166

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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) Loan Distribution According to Borrowers:

	Current period (31.12.2009)	Prior period (31.12.2008)
Public		
Private	774.482	590.263
Total	774.482	590.263

#### 5.f) Foreign and domestic loans:

	Current period (31.12.2009)	Prior period (31.12.2008)
Domestic loans	774.482	590.263
Foreign loans		
Total	774.482	590.263

#### 5.g) Loans granted to subsidiaries and affiliates:

	Current period (31.12.2009)	Prior period (31.12.2008)
Direct loans granted to subsidiaries and affiliates	783	703
Indirect loans granted to subsidiaries and affiliates		
Total	783	703

#### 5.ğ) Specific provisions provided against loans:

	Current period (31.12.2009)	Prior period (31.12.2008)
Loans and receivables with limited collectibility	17	10.556
Loans and receivables with doubtful collectibility	86	8.104
Uncollectible loans and receivables	65.879	46.281
Total	65.982	64.941

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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
<b>Current period (31.12.2009)</b>			<b>2.165</b>
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables			2.165
<b>Prior period (31.12.2008)</b>	<b>282</b>	<b>3.097</b>	<b>811</b>
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured			
Rescheduled loans and other receivables	282	3.097	811

#### 5.h.2) The movement 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	10.556	8.104	46.281
Additions (+)	35.636	178	6.330
Transfers from other categories of loans under follow-up (+)		23.144	49.844
Transfers to other categories of loans under follow-up (-)	44.053	29.413	17
Collections (-)	91	408	7.930
Write-offs (-)			4.318
Commercial and corporate loans			
Individual loans			
Credit cards			
Other			4.318
Current period end balance	2.048	1.605	90.190
Specific provision (-)	17	86	65.879
Net Balance on balance sheet	2.031	1.519	24.311

#### 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.



## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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
<b>Current period (Net) (31.12.2009)</b>	2.031	1.519	24.311
Loans granted to real persons and legal person (Gross)	2.048	1.605	90.190
Specific provision (-)	17	86	65.879
Loans granted to real persons and legal entities (Net)	2.031	1.519	24.311
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
<b>Prior period (Net) (31.12.2008)</b>			
Loans granted to real persons and legal person (Gross)	10.556	8.104	46.281
Specific provision (-)	10.556	8.104	46.281
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

#### 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.i) Explanation on policy of derecognition disopile 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:

There is no investments held to maturity subject to repurchase transactions.

The total of the money that has been given as guarantee is 80.369 Thousand TL.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Government bonds	80.369	25.332
Treasury bills	-	-
Other public sector debt securities	-	-
Total	80.369	25.332

#### 6.c) Information on investments held to maturity:

	Current period (31.12.2009)	Prior period (31.12.2008)
Debt securities	80.369	25.332
Quoted in a stock exchange	80.369	25.332
Not quoted	-	-
Impairment provision (-)	-	-
Total	80.369	25.332

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Beginning balance	25.332	3.262
Foreign currency differences on monetary assets	-	-
Purchases during year	68.997	22.070
Disposals through sales and redemptions	-13.960	-
Impairment provision (-)	-	-
Period end balance	80.369	25.332

### 7. Information on investments (Net):

#### 7.a.1) Reasons for not consolidating qualifying affiliates:

The subsidiary of the Bank, Kalkınma Yatırım Menkul Değerler A.Ş. which is qualified as financial institution and the İVCI (İstanbul Risk Sermayesi Girişimi) qualified as an affiliate consolidated as part of TMS, according to the bulletin related to Bank's Arrangement of Consolidated Financial Statement published on the 8 November 2006 dated and 26340 numbered Official Gazette. Except these partnerships the Bank hasn't got any financial establishment or partnership qualified as financial institution in its subsidiary, jointly controlled companies and affiliates.

#### 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 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

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from securities	Current period profit/loss	Prior period profit/loss	Fair value
1	20.582	13.796	2.689	280		3.806	3.370	
2								
3								
4	6.631	6.557	6.215	11	0,10	-901	16	
5								

Note:-The datas of Maksan A.Ş. is belongs to 30.09.2009.

-The datas of Türk Suudi Holding A.Ş. is belong to 30.09.2009

(\*) 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.1.) Information on consolidated affiliates :

Description	Address (City/Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
1 İSTANBUL RISK SERMAYESİ GİRİŞİMİ (*)	LUXEMBURG	6,25	6,25

(\*) İstanbul Risk Sermayesi Girişimi (İVCI) has 160 Million EURO of capital commitment. The Bank has 10 Million EURO of capital commitment. The Bank has paid 518.750 EURO financial interest.

#### 7.b.2) Information on affiliates:

	Current period (31.12.2009)	Prior period (31.12.2008)
Balance at the beginning of the period	632	0
Movements during the period	-9	632
Purchases	464	632
Capitalization Issue		
Profits taken from current year income		
Sales		
Revaluation increase	-57	
Impairment provision	416	
Balance at the end of the period	623	632
Capital commitments		
Share percentage at the end of the period (%)		

#### 7.b.3) Sectoral information on affiliates and the related carrying amounts:

	Current period (31.12.2009)	Prior period (31.12.2008)
Banks		
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Affiliates	623	632

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 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 A.Ş.	DENİZLİ	76,83	76,83
2 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	3.065	783	1.390	1		498	244	
2	11.651	9.924	10.861			-63	-97	

Note: The datas belongs to 30.09.2009.

##### 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 KALKINMA YATIRIM MENKUL DEĞERLER A.Ş.	İSTANBUL	100,00	100,00

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1	10.161	9.258	302	1.997		92	-104	

Note: The datas belongs to 31.12.2009.

##### 8.b.2) Information on consolidated subsidiaries:

	Current period (31.12.2009)	Prior period (31.12.2008)
Balance at the beginning of the period	8.987	9.311
Movements during the period	-	-324
Purchases	-	-
Capitalization Issue	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-324
Impairment provision	-	-
Balance at the end of the period	8.987	8.987
Capital commitments	-	-
Share percentage at the end of the period (%)	100,00	100,00

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial subsidiaries	8.987	8.987

#### 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 238 Thousand TL.

#### 11. Information on hedge instruments:

None.

#### 12. Information on tangible fixed assets :

	Real Estate	Leased Tangible Assets	Motor Vehicles	Other Tangile Fixed Assets	Total
Balance at the end of the prior period:					
Cost	127.689		279	5.480	133.448
Accumulated Depreciation (-)	20.996		279	2.560	23.835
Impairment Provisions	69.795				69.795
Net Book Value	36.898	0	0	2.920	39.818
Balance at the end of current period:					
Net Book Value at the beginning of the period	36.898	0	0	2.920	39.818
Purchases	1.380			385	1.765
Disposed	1.492		0	274	1.766
Deleted From Impairment Provision	7.276				7.276
Impairment Provisions	85				85
Current Period Depreciation (-)	2.456		0	890	3.346
Desprections of investment securities which is disposed because of receivables	55		0	0	55
Deleted from the Depreciation of investment securities which is disposed (-)	35			266	301
Cost at the end of the period	64.973	0	279	5.591	70.843
Accumulated depreciation at the end of per. (-)	23.292	0	279	3.184	26.755
Closing Net Book Value	41.681	0	0	2.407	44.088

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 13. Information on intangible assets:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	Gross book value	Accumulated Depreciation	Gross book value	Accumulated Depreciation
Computer Software	1.454	948	1.360	493

#### 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 9.064 Thousand TL was netted-off from the 56 Thousand TL deferred tax liability of the consolidated subsidiary and was reflected in the annexed financial statements as 9.008 Thousand TL.

#### 16. Explanations on Fixed Assets Held For Sale and Discontinued Operations:

None

#### 17. Information on other assets:

The total of other assets is 3.047 Thousand TL comprising of 36 Thousand TL of office supplies, 2.841 Thousand TL of temporary loan accounts, 168 Thousand TL miscellaneous receivables and 2 TL other 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 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 on Banks and Other Financial Institution:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Funds borrowed from the Central Bank of Turkey				
Domestic banks and institutions	2.167	186.568	4.105	159.882
Foreign banks, institutions and funds		446.448		205.946
Total	2.167	633.016	4.105	365.828

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### 3.b) Maturity structure of funds borrowed:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Short-term	2.167	15.637	4.105	21.200
Medium and long-term		617.379		344.628
Total	2.167	633.016	4.105	365.828

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

#### 3.c.1.) Explanations on received loans

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 foreign institutions.

Most of the loans from foreign sources are from World Bank, European Investment Bank, European Commission Development Bank, Islamic Development Bank and French Development Agency. Domestic loans are from Eximbank and Undersecretariat of Treasury.

#### 3.c.2) Explanations on received funds:

Almost all of the domestic funds amounting up to 111.666 Thousand TL are from Undersecretariat of Treasury. The risk of the Cyprus Bank's loans, used amounting up to 99.920 Thousand TL does not belong to the Bank.

#### 3.c.3) Explanations on received funds gained from repurchase agreement transactions:

All of the funds gained from repurchase agreement transactions amounting up to 183 Thousand TL are from real and legal people

### 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 (31.12.2009)	Prior period (31.12.2008)
General provisions	7.480	4.551
Provisions for first group loans and receivables	4.224	2.389
Provisions for second group loans and receivables	2.399	1.955
Provisions for non cash loans	21	8
Others	836	199

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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 31,2009, the amount of Group's provisions for termination indemnities is 17.541Thousand TL. (31.12.2008: 15.488 Thousand TL).

The amount of lawsuit provision is 195 Thousand TL excluding the provisions for the Group employee's rights and general loan provisions.

#### 8. Information on tax liabilities:

##### 8.a) Current tax liabilities:

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

Corporate Tax and Deferred Tax	Current period (31.12.2009)		Prior period (31.12.2008)	
	TP	YP	TP	YP
Corporate Tax Payable	6.471	-	9.676	-
Deferred Tax Liability	-	-	-	-
Total	6.471		9.676	

###### 8.a.2) Information on taxes payable:

	Current period (31.12.2009)	Prior period (31.12.2008)
Corporate taxes payable	6.471	9.731
Returns on stocks and bonds	102	77
Property tax	1	1
Banking Insurance Transaction Tax (BITT)	93	531
Foreign exchange legislation tax		
Value added tax payable	1	1
Other	630	635
Total	7.298	10.976



## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 8.a.3) Information on premiums:

	Current period (31.12.2009)	Prior period (31.12.2008)
Social security premiums-Employee	92	78
Social security premiums-Employer	125	133
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	7	6
Unemployment insurance-Employer	13	11
Other		
Total	237	228

The current tax liability of 7.535Thousand TL in the balance sheet is the sum of amounts included in notes (8.a.2) and (8.a.3).

#### 9. Explanation on liabilities for fixed assets held for sale purposes and held from discontinued operations

Group does not have any liabilities from fixed assets 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:

The Bank hasn't got capital like loans

#### 11. Information on shareholders' equity:

##### 11.a) Paid-in capital:

	Current period (31.12.2009)	Prior period (31.12.2008)
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
Registered 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.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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 representing the capital.

11.g) Information on Financial Assets Revaluation Fund:

	Current period (31.12.2009)		Prior Period (31.12.2008)	
	TC	FC	TC	FC
From affiliates, subsidiaries and joint ventures (business partners)				
Revaluation difference	2.700		4.067	
Foreign exchange difference				
Total	2.700		4.067	

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 31.12.2009 Group's letters of credit commitments are 11.052 Thousand TL.

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

Parent Company Bank's Turkish Currency guarantee letters amount up to 47 Thousand TL.

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

### 1.c.1) Non-cash loans:

	Current period (31.12.2009)	Prior Period (31.12.2008)
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	11.099	4.302
Total	11.099	4.302

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

	Current period (31.12.2009)				Prior period (31.12.2008)			
	TC	(%)	FC	(%)	TC	(%)	FC	(%)
Agricultural	2	4,26			2	2,50		
Farming and raising livestock	2	4,26			2	2,50		
Forestry								
Fishing								
Manufacturing	9	19,15	11.052	100,00	42	52,50	3.818	90,43
Mining								
Production	9	19,15			42	52,50	3.760	89,06
Electric, gas and water			11.052	100,00			58	1,37
Construction	1	2,13			1	1,25		
Services	35	74,46			35	43,75	404	9,57
Wholesale and retail trade								
Hotel, food and beverage services								
Transportation and telecommunication								
Financial Institutions	35	74,46			35	43,75		
Real estate and renting services								
Self-employment services								
Education services							404	9,57
Health and social services								
Other								
Total	47	100,00	11.052	100,00	80	100,00	4.222	100,00

### 1.c.3) Information about the non-cash loans classified in I and II Group: (Per annum)

	I.Group		II.Group	
	TC	FC	TC	FC
Non-cash loans	47	11.052		
Letters of guarantee	47			
Bill guarantees and acceptances loans				
Letters of credit		11.052		
Endorsements				
Underwriting commitments				
Factoring commitments				
Other commitments and contingencies				

## 2. Explanations on derivative transactions:

The bank hasn't got any derivative transactions.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 3. Explanations on conditional assets and liabilities:

The parent company 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 pledges to pay the aforementioned amount on a date to be specified in accordance with the fund’s investment plan. The fund has a 150 Million EURO pledged capital in the beginning by the new participations pledged capital raise up to 160 Million EURO as of March 2009. 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, 218.750 EURO has been paid on 06.07.2009 and totally 518.750 EURO has been paid.

#### 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 Market Board, operations in the context of purchase-sale brokerage, public offering brokerage, repurchasing and reverse repurchasing, investment consultancy, portfolio management, 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 (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Interest on loans (*)	38.430	19.498	44.415	18.935
Short term loans	1.534	849	841	1.188
Medium and long term loans	31.300	18.649	31.092	17.747
Interest on loans under follow-up	5.596		12.482	
Premiums received from resource utilization support fund				

(\*) Includes the current and prior periods fees and commissions received from cash-loans.

##### 1.b) Information on interest received from banks:

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
From The Central Bank of Turkey				
From domestic banks	853	49	7.085	565
From foreign banks		110		324
From branches and offices abroad				
Total	853	159	7.085	889

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

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Financial assets held for trading	15.822		19.092	
Financial assets where fair value change is reflected to income statement				
Financial assets available for sale				
Investments held to maturity	8.351		2.943	
Total	24.173		22.035	

# TÜRKİYE KALKINMA BANKASI A.Ş.

## Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Interests received from affiliates and subsidiaries	204	77

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

	Current period (31.12.2009)		Prior period (31.12.2008)	
	TC	FC	TC	FC
Banks	1.003	676	647	8.975
The Central Bank of Turkey				
Domestic banks	1.003	665	647	1.388
Foreign banks		11		7.587
Branches and offices abroad				
Other institutions	707	12.129	1.165	6.116
Total	1.710	12.805	1.812	15.091

(\*) Includes the current and prior periods 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 (31.12.2009)	Prior period (31.12.2008)
Financial assets held for trading		
Financial assets where fair value change is reflected to income statement		
Financial assets available for sale	113	97
Other	233	214
Total	346	311

### 4. Net trading income/loss:

	Current period (31.12.2009)	Prior period (31.12.2008)
<b>Profit</b>	<b>8.688</b>	<b>13.094</b>
Profit from capital markets transactions	5.264	2.133
Profit from derivative financial transactions		
Profit from foreign exchange	3.424	10.961
<b>Loss (-)</b>	<b>1.243</b>	<b>3.134</b>
Losses from capital markets transactions		
Losses from derivative financial transactions		
Losses from foreign exchange losses	1.243	3.134

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 5. Information on other operating income:

	Current period (31.12.2009)	Prior period (31.12.2008)
Income arising from sale of assets	2.692	582
Reversed provision	10.770	14.450
Other	1.471	7.357
Total	14.933	22.389

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

	Current period (31.12.2009)	Prior period (31.12.2008)
Specific provisions for loans and other receivables	8.854	25.984
III. Group loans and receivables	17	10.543
IV. Group loans and receivables	73	8.092
V. Group loans and receivables	8.764	7.349
General provision expenses	2.929	2.751
Provision expenses for possible losses		
Marketable securities impairment expense		19
Financial assets where fair value change is reflected to income statement		
Financial assets available for sale		19
Impairment expense related to associates, subsidiaries and investment securities held to maturity		383
Affiliates		383
Subsidiaries		
Joint ventures (business partners)		
Investment securities held to maturity		
Other		
Total	11.783	29.137

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### 7. a) Information related to other operational expenses:

	Current period (31.12.2009)	Prior period (31.12.2008)
Personnel expenses	40.703	38.702
Reserve for employee termination benefits	2.525	1.681
Bank social aid fund deficit provision		
Fixed assets impairment expense		
Depreciation expenses of fixed assets	3.347	3.182
Intangible assets impairment expense		
Goodwill impairment expense		
Amortization expenses of intangible assets	452	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	55	125
Impairment expenses for fixed assets held for sale purpose and discontinued operations		
Other operating expenses	7.043	5.460
Operational leasing expenses	528	44
Maintenance expenses	1.536	598
Advertisement expenses	173	61
Other expenses	4.806	4.757
Loss on sales of assets	1	
Other	2.063	2.560
Total	56.274	52.172

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

As of 2009, Group's profit before taxes from continuing operations is 31.170 Thousand TL. The Parent company Bank has no terminated operations in 2009.

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

As of 2009, Group's current tax expenses calculated from continuing operations is 6.471 Thousand TL. Deferred tax income is 556 Thousand TL.

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

For the 01.01.2009-31.12.2009 period, 1.965 Thousand TL deferred tax expenses and 2.521 Thousand TL deferred tax income accrued for the Group.

#### 9.b) Deferred tax income or expenses caused by temporary differences accruing and closing:

At the end of the 01.01.2009-31.12.2009 period a total of 2.521 Thousand TL deferred tax income accrued in comparison to the 556 Thousand TL deferred tax incomes accruing after netting-off from the 1.965 Thousand TL deferred 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, 556 Thousand TL is reflected to the income statement. A net balance of 556 Thousand TL 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 25.255 Thousand TL net profit from their continuing operations during the 01.01.2009-31.12.2009 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.



## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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 31.12.2009, a portion of 7.096 Thousand TL of the 8.138 Thousand TL Other Interest Expenses Account consists of the interest paid to KKTC (Turkish Republic of Northern Cyprus) fund loan; portions of 4.442 Thousand TL and 4.870 Thousand TL the consist of 15.044 Thousand TL Other Fee and Commissions Received, is from Fee and Commissions Received from Medium and Long Term Fund Based Loans and Fee and Commissions Received from Medium and Long Term Other Investment Loans.

#### V. Explanations and Notes to the Consolidated Statement of Changes in Equity:

Nominal paid-in capital in the legal records of the Group is 160.000 Thousand TL, and legal reserves amount is 26.942 Thousand TL, extraordinary reserves amount is 76.389 Thousand TL.

In the current period, complete change in the other reserves account of the parent company Bank is due to the distribution of the 2009 profit.

The total value of financial assets increased fund which arises from valuation fund of financial assets available for sale is 2.700 Thousand TL

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

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### VI. Explanations and Notes to the Consolidated Cash Flow Statement:

Information on the cash and cash equivalents:

	Current period (31.12.2009)	Prior period (31.12.2008)
Cash	8.380	17.154
Cash and effectives	92	78
Demand Deposits at Banks	8.288	17.076
Cash Equivalents	197.337	215.078
Interbank Money Market	110.600	178.016
Time Deposits at Banks	86.737	37.062
Total Cash and Cash Equivalents	205.717	232.232

(\*) Not includes rediscount

#### VII. Explanations on the Risk Group of Bank:

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:31.12.2009

Bank's risk group	Affiliates, 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	703		-	-	-	-
Balance at the end of the period	783		-	-	-	-
Interest and commission income received	204		-	-	-	-

##### b) Prior Period:31.12.2008

Bank's risk group	Affiliates, 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	950	102	-	-	-	-
Balance at the end of the period	703		-	-	-	-
Interest and commission income received	77	3	-	-	-	-

## TÜRKİYE KALKINMA BANKASI A.Ş.

### Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

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

None.

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

	Number	Number of employees			
Domestic branch	1	12			
			Country of incorporation		
Foreign representation	-	-	1-		
			2-		
			3-		
				Total assets	Statutory share capital
Foreign branch	-	-	1-	-	-
			2-		
			3-		
Off-shore banking region branches	-	-	1-	-	-
			2-		
			3-		

Note: 741 people work in the Bank totally, 12 employees employ in the İstanbul branch.

### SECTION SIX OTHER EXPLANATIONS

#### I. Other Explanations on 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 2009 are given below.

<b>Foreign Currency</b>	
Long Term	BB+
Short Term	B
Outlook	Stable
<b>Local Currency</b>	
Long Term	BB+
Short Term	B
Outlook	Stable
<b>National</b>	
Long term	AA+ (tur)
Outlook	Stable
<b>Individual Rating (Individual)</b>	
	D
<b>Support Rating</b>	
	3

## **TÜRKİYE KALKINMA BANKASI A.Ş.**

### **Notes to Independent Audited Consolidated Financial Statements Dated 31 December 2009**

(Figures are in Thousand Turkish Liras [TL] unless otherwise stated)

#### **SECTION SEVEN INDEPENDENT AUDIT REPORT**

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

Consolidated financial statements dated 31 December 2009 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 25 March 2010 and numbered 2010/09 is included at the beginning of financial statements.

##### **II. Explanations and Notes Prepared by the Independent Auditor**

None.



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