



Kalkınma
Development Bank of Turkey

START-UP
EMPLOYMENT
ENVIRONMENT
RENEWABLE ENERGY
ECONOMIC GROWTH
SOCIAL WELFARE
CARBON FINANCE
LANDFILL
GAS
NEW BUSINESS
CARBON FOOTPRINT
SOCIAL WELFARE
EMISSION TRADING
CLIMATE CHANGE AND ENVIRONMENTAL PROTECTION
GREEN FINANCE
ENERGY TURNAROUND
BIOENERGY
HYBRID ELECTRIC VEHICLE
SOCIAL DEVELOPMENT
ENVIRONMENTAL AND CLIMATE PROTECTION
RENEWABLE ENERGY
ENVIRONMENT
START-UP
EQUITY FINANCE
WASTE MANAGEMENT
DEVELOPMENT FINANCE
LANDFILL GAS
TECHNICAL ASISTANCE
SUSTAINABLE DEVELOPMENT
NEW BUSINESS
EQUITY FINANCE
CARBON NEUTRAL
WATER FOOTPRINT
CARBON FINANCE
GREENHOUSE EFFECT
LANDFILL GAS
ENVIRONMENT
GREENHOUSE GASES
ECONOMIC GROWTH
GLOBAL WARMING
START-UP
WIND ENERGY
WASTE MANAGEMENT
SOLAR ENERGY
EMPLOYMENT
NEW BUSINESS
SUSTAINABLE DEVELOPMENT
BIODEGRADABLE
SOCIAL DEVELOPMENT
EMPLOYMENT
VENTURE CAPITAL
ECOSYSTEM
BIODEGRADABLE
SOCIAL DEVELOPMENT
EMPLOYMENT
WIND ENERGY
ECONOMIC GROWTH
INFRASTRUCTURE
EQUITY FINANCE
SUSTAINABLE DEVELOPMENT
ENTREPRENEURSHIP
RESPONSIBLE FINANCE
CLIMATE CHANGE AND ENVIRONMENTAL PROTECTION
RENEWABLE ENERGY
WATER
FOOTPRINT
CARBON FINANCE
BIODEGRADABLE
ECONOMIC GROWTH
RENEWABLE ENERGY
ENTREPRENEURSHIP

2012 ANNUAL REPORT

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CORPORATE PROFILE

A strong and continuous contribution to Turkey's economic growth and development

As one of the major public initiatives of development and investment banking in Turkey, the Development Bank of Turkey has played a key role in the implementation of its customers' projects under the various economic conjunctures that Turkey has undergone since 1975; and undertaken strategic duties in covering the need for resources, which stands as one of the most important factors in Turkey's economic growth and development.

Assuming a raison d'être of financially supporting the private sector's investment and entrepreneurship potential, the Development Bank of Turkey based on its mission on raising employment and the level of income and prosperity in Turkey, allocating resources to finance the fixed and operating

capital investments of the following sectors:

- energy,
- energy efficiency,
- industry,
- education
- tourism,
- finance and
- healthcare

The Development Bank of Turkey provides resources through a network of relations built with international funds. The Bank offers various services by extending these resources to a significant part of the Turkish business world.

The Development Bank of Turkey, working with a team of specialists who possess field experience on both national and international platforms, sectoral know-how in the area of consultancy and technical assistance; provides concrete contributions to agencies and corporations operating in different sectors, particularly in the efforts

that they demonstrate in improving their potential. The Bank beyond being a classical type of creditor, shares its technical know-how and experience with its customers gratuitously during the investment process.

One of the priorities of the Development Bank of Turkey is to protect the environment and raise awareness of this issue in all types of economic activity

Besides providing financial support to environmentally conscious investments, the Development Bank of Turkey pays special attention to projects especially in the areas of industry, tourism and renewable energy and energy efficiency to be environmentally friendly, thus supporting efforts to achieve environmental sustainability, which is one of the indispensable elements of sustainable development.

The total assets of Development Bank of Turkey reached to US\$ 2 billion as of the end of 2012.

With total assets reaching US\$ 2 billion by the end of 2012, the Development Bank of Turkey has TL 500 million of registered capital, TL 160 million of which is paid-in capital.

The Undersecretariat of Treasury of the Prime Ministry of Republic of Turkey holds 99.08% of the shares of the Development Bank of Turkey. The remaining shares of the Bank are traded in the ISE National Market under the KLNMA ticker.

With its resources, competencies and capabilities, the Development Bank of Turkey will steadfastly continue to support Turkey's sustainable development program and its progress in reaching its 'Vision 2023'.



The Undersecretariat of Treasury of the Prime Ministry of Republic of Turkey holds 99.08% of the shares of the Development Bank of Turkey. The remaining shares of the Bank are traded in the ISE Second National Market under the KLNMA ticker.

The Development Bank of Turkey is working for raising Turkey's economic and social welfare level and the maintenance of sustainable development.

The Development Bank continues its operations focused to create a difference in economic, environmental and social axes that form the three dimensions of sustainability and to add value.

The Development Bank's environmental occupation is not confined with the support of environment friendly investments and the contribution to the extension of environmental awareness. The Bank is determined to retain and activate this awareness and being focused on environment, starting from its own personnel. As being the one and only public bank to have Environmental Management System, the Development Bank holds TS EN ISO 14001 Environment Management System certificate and continues its systematic efforts to minimize its direct impacts on the environment.





Believing in the necessity of a livable world for sustainable development, and due to its mission and vision, the Development Bank focused on renewable energy, energy efficiency and environmental investments financing. The Bank supports numerous projects by allocating funds and providing consultancy services.

2012 is a year in which The Development Bank has renewed its strong performance in the three axes of sustainability and put its signature under new successes.





VISION

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

- support investments of enterprises organized as joint stock companies by providing loans obtained from domestic and international sources,
- directly participate in pioneer/ model enterprises,
- provide technical assistance to entrepreneurs, and
- facilitate the development of capital markets
- in order 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 a regional, sectoral and technological basis and finances them effectively and quickly, supports investors by empowering and encouraging them, and by providing them with technical assistance.

STRATEGIC GOALS

- to support investments that will ensure economic and technological progress nationwide and increase efficiency and competition;
- to contribute towards settling social problems in underdeveloped areas as well as the problems in developed areas arising from urban migration, by implementing projects in line with the results of studies that would be performed to raise investment and production awareness in terms of technological, economic, social and cultural aspects for the elimination of regional development differences;
- to ensure that our Bank plays an active role in the determination of macro policies and sectoral strategies for the development of our country, as well as in the creation and implementation of respective encouragement mechanisms;
- to cover the financing needs of foreign exchange earning companies by means of domestic and international sources;
- to ensure the coverage of entrepreneurs demands, by principles of efficiency and productivity
- to support our national entrepreneurs' investments abroad, particularly in the Turkic Republics; and
- to activate investment banking functions.

OUR DIFFERENCE, OUR STRENGTHS AND COMPETITIVE EDGES

Factors that set the Development Bank of Turkey apart in the sector...

As the representative of a strong and deeply rooted tradition in project evaluation, the Development Bank of Turkey evaluates investments based on the principles of profitability and efficiency.

With its long-term resource structure, the Bank is able to respond to its customers' finance needs with a range of attractive maturity options.

Supporting the energy sector with an effective approach, the Development Bank of Turkey contributes to attempts to bring down the current account deficit, which is the most serious economic problem facing Turkey.

Recently joining forces with multi-branch local banks, the Development Bank of Turkey is a successful implementer of apex banking and offers financial support to small scale companies through this method.

The long-term relations that it has built with international finance institutions play a key role in the effectiveness of the Development Bank of Turkey in its field of activity.

Consultancy and technical assistance services are another field where the Development Bank of Turkey sets itself apart. The Bank supports institutions and enterprises in different areas by extending consultancy and technical services provided by its experts having national and international field experience and sectoral knowledge.

The main strengths and competitive advantages of the Development Bank of Turkey:

- Know-how and experience in the area of development and investment banking,
- Ability to provide controlled project-based finance,
- Highly qualified and technical, well equipped human resources,
- Sustainability-based cooperation built with international institutions and
- A cautious and meticulous approach in financial policies.

CAPITAL AND SHAREHOLDING STRUCTURE

The loan volume of the Development Bank of Turkey increased by 21.3% to TL 2.254 billion in 2012, while the Bank's loans/total assets ratio rose from 37.7% in 2006 to 78.5% by the end of 2012. According to the BRSA's data, this ratio stood at 57.99% for the entire banking industry and 57.79% for the subgroup of development and investment banks at the end of 2012.

The Development Bank of Turkey increased its net profit by 83.2% in 2012, while the profit of the entire banking industry rose by 19.2% and the total profit of development and investment banks by 23.8%.

Key Financial Indicators (TRY million)

	2011	2012	Change (Value)	Change (%)
Total Assets	2,793.8	2,870.1	76.3	2.7
Loans	1,859.2	2,254.4	395.2	21.3
Foreign Resources	2,264.9	2,293.2	28.3	1.2
Shareholders' Equity	528.9	576.9	48.0	9.1
Total Income	157.1	200.8	43.7	27.8
Total Expenditures	124.9	145.7	20.8	16.7
Provision for Taxes	8.4	11.5	3.1	36.9
Net Profit for the Period	23.8	43.6	19.8	83.2

Key Ratios (%)

Loans/Total Assets	66.5	78.5
Shareholders' Equity/Total Assets	18.9	20.1
Return on Equity (ROE)	4.5	7.6
Return on Assets (ROA)	0.9	1.5
Capital Adequacy Ratio ⁽¹⁾	58.3	25.2

⁽¹⁾ The capital adequacy ratio has been calculated in accordance with Basel II regulations since July 1st, 2012 in accordance with the "Regulation on the Assessment and Measurement of the Capital Adequacy Ratio of Banks" published issue no: 28337 of the Official Gazette, dated: June 28th, 2012.

As the only publicly owned development bank in Turkey, the Development Bank of Turkey was founded in 1975. With more than 37 years of experience in the field of development banking and in providing long-term resources, the Development Bank of Turkey continues to contribute to the "financing of Turkey's development and growth". In fulfilling this duty, the Bank has organized itself according to the unique needs of each period and assumed the difficult tasks avoided by other financial institutions, without differentiating on the basis of region or entrepreneur.

Capital And Shareholding Structure

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

⁽¹⁾ Since it covers all real and legal persons and the share certificates of these partnerships are traded on the Istanbul Stock Exchange, the absolute number of shareholders is unknown.

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

83,5
%

The Development Bank of Turkey's loans/total assets ratio is higher than that of the sector and the subgroup of development and investment banks.

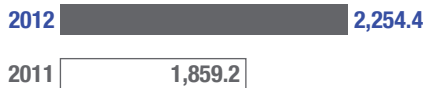
25,2
%

The Bank's capital adequacy ratio remained higher than the sector average in 2012.

*84
%

The increase in the Bank's net profit for the period outpaced the increase in the sector and the subgroup of development and investment banks.

Loans (million TRY)



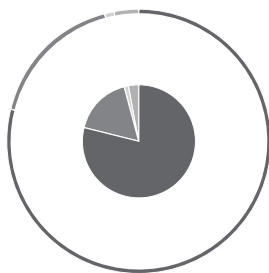
Shareholders' Equity (million TRY)



Net Profit for the Period (million TRY)

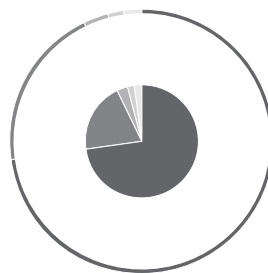


Assets Structure (%)



- Loans 79%
- Liquid Assets 17%
- Held-to-Maturity Assets 1%
- Others 3%

Liabilities Structure (%)



- Borrowings 73%
- Shareholders' Equity 20%
- Money Market Borrowings 3%
- Funds 2%
- Others 2%

* The financial indicators in this report has been expressed in million TL basis for ease of use purpose. The annual net profit increase calculated as 83.2% in million TL basis, has been calculated as 83.6% in thousand TL basis and was rounded up to 84% which is expressed in different parts of the report.

FROM PAST TO PRESENT

1975

The Bank was founded under the title of Devlet Sanayi ve İşçi Yatırım Bankası (DESİYAB) A.Ş. (State Industry and Worker's Investment Bank).

With its strong foundations and consistent organizational structure, the Bank has assumed an important mission in Turkey's progress towards its growth targets. The foundations of Development Bank of Turkey were laid down with Devlet Sanayi ve İşçi Yatırım Bankası A.Ş. (DESİYAB) (State Industry and Laborer Investment Bank) which was established in accordance with Empowering Act no: 1877 and Statutory Decree No:13 dated November 27th, 1975 to conduct all the activities of investment and development banking including profit sharing based capital finance, as an incorporated company and as a development and investment bank subject to the provisions of the private law.

1988

The Bank was renamed as "Türkiye Kalkınma Bankası A.Ş." (Development Bank of Turkey) and was also authorized to finance sectors outside the industrial sector.

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1989

T.C. Turizm Bankası A.Ş. (Tourism Bank of Turkey) merged into Development Bank of Turkey with all of its assets and liabilities.

T.C. Turizm Bankası A.Ş. (Tourism Bank of Turkey) was merged into the Development Bank of Turkey with all of its assets and liabilities in accordance with the decision taken by the Higher Planning Council on January 20th, 1989. The Bank thus added the tourism sector to the areas it serves.

1990

The Bank launched new programs for development priority regions.

The Bank started to implement three emergency support programs in regions where development was deemed a priority and successfully continued these programs until 2000.

1999

The Bank's charter act, Law No. 4456, was passed and entered effect.

The Bank's charter act, Law No. 4456, was passed on October 14th, 1999 and entered effect after being published in issue 23,849 of the Official Gazette, dated: October 17th, 1999. As a development and investment bank with a legal entity, which was founded in the form of an incorporated company subject to the provisions set forth in this act as well as the provisions of the private law, the Development Bank of Turkey serves under the Prime Ministry.

2008

The Bank launches apex banking activities.

The Development Bank of Turkey started to carry out apex banking activities in cooperation with multi-branch local banks in order to support the investments of non-incorporated companies, thus beginning to allocate resources to finance the investments of SMEs.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND REASONS

2010

The Bank's total assets exceed US\$ 1 billion.

Demonstrating a healthy and efficient growth performance, the Bank's total assets exceeded US\$ 1 billion for the first time; also, its long-term resources provided from abroad increased by 51%.

2012

Continued sustainable growth.

Progressing towards its targets without any let-up, the Development Bank of Turkey continued to support customers operating in various areas, especially energy efficiency, during 2012. Another important development in 2012 was Fitch's upgrade of the Bank's credit rating, to BBB-, in November.

Of the articles of association, Articles 5 and 10 entitled "Capital" and "Duties of the Board of Directors" were amended and such amendments were approved on 10.05.2012.

Of the articles of association:

- Article 5 entitled "Capital" was amended for the following purposes: to determine the time given to companies to increase their registered capital ceiling for the Bank's registered capital ceiling within the framework of the Capital Markets Board's "Communiqué on the Principles of the Registered Capital System" (Serial: IV, No: 38) and in accordance with the Capital Markets Board's Letter of Conformity, no: 3522 and dated: 26.03.2012; to change the expressions, "New Turkish Lira " and "New Kuruş" in accordance with the Cabinet's Decision on Codes of Practice for the Removal of the Phrase "New" from the Expressions, "New Turkish Lira " and "New Kuruş", no: 2007/11963 and dated: April 4th, 2007;
- Article 10 entitled "Duties of the Board of Directors" was amended for the following purpose: to ensure compliance with the amendment to the Bank's Charter Act no: 4456 concerning the Board member who will act on behalf of the Chairman and the Assistant General Manager who will act on behalf of the General Manager in the event of vacancy in the positions of the Chairman and the General Manager.

CHAIRMAN'S MESSAGE



The Turkish economy has not only stood firmly in the face of the global financial crisis that started in 2008, but also maintained its course of sustainable growth in the 5 years since the crisis struck, by applying well-structured policies on an extremely flexible and accurate foundation.

In accordance with our projections mentioned in our 2011 report...

Our predictions that the world economy would ease down in 2012 after the global financial crisis have proved to be right.

The 2012 year was marked by the presidential elections in the USA, at a time when the US economy was suffering from weak growth, and the arguments on the financial cliff issue. Some of the key members of the Eurozone had their hands full tackling problems related to public debt and the banking industry. In this wide conjuncture, emerging markets including Turkey focused on managing the soft-landing process.

During the same period, central banks of developed nations remained committed to loose monetary policies in order to support economic activity, while authorities in emerging markets, like the CBRT in Turkey, loosened their monetary policies to the extent required by the global economic conjuncture. In the coming period, monetary policies - especially those applied by the central banks of developed countries - will be the primary factor in setting the direction of global economic activity. Another widely held expectation, at least for the medium term, is that interest rates will remain at historically low levels throughout the world.

The creation of a new roadmap in 2012 with respect to the banking system in the European Union, which is Turkey's largest trading partner and natural hinterland, has positively affected expectations for the coming periods. Furthermore, the European Stability Mechanism that will be activated in the coming years will also play a key role in improving financial conditions throughout the EU.

It is clear that the global economy has yet to find its balance point after the global financial crisis. The continuing troubles in the economies of developed countries have piled pressure on global financial markets, frequently leading to volatility. Some limited improvement is expected in economic activity in 2013 thanks to the measures taken by policymakers in developed countries.

Emerging markets, on the other hand, stand ready to demonstrate a stronger performance than in 2012 as a result of the partial recovery in foreign trade figures and financial conditions. According to IMF estimates, the global economy grew by 3.2% in 2012 and is expected to gain some momentum in 2013, with its growth rate rising to 3.5%.

The Turkish economy continued to differentiate in a positive way in 2012.

The Turkish economy has not only stood firmly in the face of the global financial crisis that started in 2008, but also maintained its course of sustainable growth in the five years since the crisis struck, by applying well-structured policies on an extremely flexible and accurate foundation.

The Turkish economy growth though slowed down a little continued its positive course in 2012. Another important issue that must be emphasized at this point is that Turkey's gross public debt to GDP ratio fell considerably during 2002-2012 period due to the tight financial and monetary policies applied. This has left Turkey in a position of having better debt dynamics than most EU countries, presenting significant room for maneuver in taking anti-crisis measures.

Another development confirming the strength and success of the Turkish economy was the recent upgrade in Turkey's credit rating to "investment grade". In November, Fitch raised Turkey's long-term credit rating from BB+ to the investment grade of BBB- and announced its credit outlook as "stable". Fitch set forth the following grounds for raising Turkey's credit rating: the minimization of macro-financial risks in Turkey in the short term, the decline in the public sector debt burden, the strength and medium term growth potential of the Turkish banking system and Turkey's rich and diversified economic activity.

CHAIRMAN'S MESSAGE

Development Bank of Turkey succeeded to interpret and adopt the market dynamics of 2012 timely and accurately.

Due to its strong prediction capability and administrative competencies, the Development Bank of Turkey paid attention to correctly perceive the developments in the global economy and reflect these developments to its strategies in a timely manner. The Bank witnessed the positive results of this approach by demonstrating a strong performance. In the light of its prudential risk policies, the Bank steadfastly continued to supply loans to real sector investments without deviating from its primary mission. In 2012, our net contributions to the real economy amounted to US\$ 366 million.

Serving in line with our sustainable and balanced development function

As the only publicly owned development bank responsible for Turkey's development since 1975, the Development Bank of Turkey has improved its organizational structure with each passing period. By applying innovative methods and activities, the Bank provides long-term financial support including technical support to entrepreneurs in the private sector. As such, the Bank successfully contributes to Turkey's target of sustainable and balanced development.

Having financed the investments of the private sector through mid- and long-term resources for many years, the Development Bank of Turkey's contributions to economic development and increase in employment during this time period are undeniable. When considered from this point of view, the results we achieved in the areas of project finance, apex banking, consultancy and technical assistance services during 2012 represent strong and encouraging initiatives taken by our Bank towards reaching its targets in and after 2013.

Investing in Turkey's energy sector

In an economic environment where ensuring the continuity of sustainable growth and solutions aiming to reduce the current account deficit are discussed intensively, the Development Bank of Turkey provides extensive support to energy and energy efficiency projects and thus gains the positive results of an approach aimed at minimizing Turkey's dependency on foreign energy resources. These positive results have not only been reflected to the Bank's financial indicators, but have also contributed to the target of minimizing the national economy's dependence on foreign energy resources.

With the active loan supply which it has pursued recently, the Development Bank of Turkey provides direct support to production and competitive strength, and thus, the development efforts of our country, which is dependent on foreign resources in generating power from natural gas.

As the only publicly owned development bank responsible for Turkey's development since 1975, the Development Bank of Turkey has improved its organizational structure with each passing year. Through its innovative methods and activities, the Bank provides long-term financial support, including technical support, to the entrepreneurs in the private sector.

Having provided cost-efficient financial resources to private sector establishments for many years in order to help them increase their “FX-earning” production and service capacity, the Development Bank of Turkey has, through its loan supply strategies, proven that it applies a loan supply policy which is in line with the targets set forth in the Medium Term Program and which aims to minimize the current account deficit, in addition to supporting Turkey’s development.

Our effectiveness will grow further within the scope of the new incentive system

As recently announced in our country, the new incentive program once again demonstrates that the Turkish economy depends to a significant extent on meeting the financing needs of fixed capital investments through mid- and long-term cost-efficient resources.

Given the surge in the number of investments as the new incentive system has taken effect, the Development Bank of Turkey, thanks to its experience and capability to provide financial and technical support to investments, is ready to assume duty and to produce an increasing amount of added value.

As a public bank commissioned to support Turkey’s development, we look to the future with confidence

The Development Bank of Turkey will continue to step up its support for the real economy in 2013 with its diverse product and service portfolio, its competent human resources and its ability to access long-term and cost-efficient resources, which represents its most important competitive edge.

Our stakeholders’ strong support and trust provide us with strength on the path to success. In 2013, we will continue to demonstrate a strong performance with high added value for all of our stakeholders with the sincere contributions of our employees who share our mission and vision from the heart, the qualified support of the Undersecretariat of the Treasury - our primary shareholder, the continuous trust of our domestic and foreign business partners and the close interest of our customers.

I would like to take this opportunity to extend my gratitude on my behalf and on behalf of our Board of Directors to all of those who have contributed to our Bank’s sustainable performance and, therefore, Turkey’s future.



Ahmet YAMAN
Chairman of the Board
of Directors (A.)

The Development Bank of Turkey will continue to step up its support for the real economy in 2013 with its diverse product and service portfolio, its competent human resources and its ability to access long-term and cost-efficient resources, which represents its most important competitive edge.

GENERAL MANAGER'S MESSAGE



As a public development bank that targeted to supply more than US\$ 2 billion of long term foreign resources to finance private sector investments by the year end of 2013, the Development Bank of Turkey completed its 37th operating year with significant achievements.

Having increased its net profit by 84% YoY to TL 43.6 million in 2012, the Development Bank of Turkey has demonstrated a higher performance this year than in previous periods.

Since its foundation, the Development Bank of Turkey has played a key role in the growth of our country's economy, including employment growth and capital accumulation, by allocating resources to thousands of enterprises in the private sector and providing its customers with consultancy and technical services aimed at raising social and environmental awareness. During this period, the Bank became successful in a number of areas from tourism, education and healthcare to industry, energy and energy efficiency.

Demonstrating intensive efforts to bring together entrepreneurs with the long-term resources of foreign funds, our Bank acts and obtains results based on its know-how, technical hardware and field experience in this area. By contributing to the minimization of possible risks by offering long-term facilities to major investments, and by offering consultancy services for investors at every stage of the investment, our Bank is able to stand as a selective model service provider.

An average of 45% growth per year between 2008 and 2012

In 2012, the Development Bank of Turkey continued to expand the total resources which it extends to its customers from different sectors and the added value that it generates for its stakeholders. Our strategy, which is based on efficient, profitable and controlled growth, has played a key role

in achieving strong financial and operational results.

Under the soft-landing observed in the Turkish economy in 2012, the Development Bank of Turkey managed its asset and credit volume growth under a controlled approach. The Bank's total assets amounted to TL2.9 billion in 2012. With an average annual rate of growth of 45% between 2008 and 2012, the Development Bank of Turkey was able to grow at a higher rate than the sector average.

Our credit volume increased by 21.3% YoY to reach TL 2.3 billion in 2012. During the same period, the credit volume growth of the entire banking industry stood at 16.4%. This means that the Development Bank of Turkey commands a higher rate of credit volume growth than that of the sector. In 2012, we provided our customers with a total of TL 649 million worth of new loans.

In 2012, the Bank's return on equity rose to 7.6% and net interest margin to TL 113.6 million in parallel with the expansion in its total assets.

Within the scope of its activities in 2012, the Development Bank of Turkey earned TL 199.7 million in operating incomes and, accordingly, TL 139 million in net operating income from loans, securities and provisions, while its pre-tax profit increased by 71% to TL 55 million.

The Bank wrote a net profit of TL 43.6 million, a significantly

higher figure than in previous periods. In 2012, we increased our net profit by 84%, a rate of increase in excess of the sector average.

In 2012, the Development Bank of Turkey continued to expand its shareholders' equity. The Bank's shareholders' equity amounted to TL 576.9 million and its capital adequacy ratio was realized at 25.15%, which was once again higher than the sector average.

The importance and priority of energy and energy efficiency sectors

The medium term program for 2012-2014 especially singled out the current account deficit, and the program states that strong measures will be taken to minimize it.

Since 2005, the Development Bank of Turkey has been a staunch supporter of the renewable energy and energy efficiency industries in Turkey, in view of the fact that Turkey imports more than US\$ 50 billion of energy per year. Accordingly, the Bank has taken the decision to focus increasingly on the energy sector, while renewable energy and energy efficiency projects now account for more than half of the Bank's total credit volume as a result of the efforts we have taken during the past 7-year period.

The most active participant in the market, with a total of 94 projects in renewable energy and energy efficiency

As of the end of 2012, we had evaluated a total of 140 projects in the area of energy

investments. Within this scope, we supplied TL 3.1 billion in loans to a total of 94 projects with a total installed capacity of 1,387 MW. During the same period, the total volume of loans that we provided to our individual customers amounted to TL 1.3 billion. We extend these resources with the aim of increasing domestic energy production capacity. The common feature in the energy projects financed by the Development Bank of Turkey is that they help Turkey switch from fossil fuels to renewable energy resources in energy production.

The more that Turkey makes use of domestic and renewable energy resources, the less our dependence on foreign energy resources and, accordingly, our energy imports and the unit price of imported energy, depending on our alternative energy production capacity. In this context, it is clear that our efforts to allocate resources to the energy sector are fully compliant with the target of minimizing Turkey's current account deficit and keeping it under control. In the Turkish energy market, which is one dominated by electricity generation with imported natural gas, we will contribute increasingly to reducing FX outflows by increasing the share of domestic resources. In what remains a market dominated by hydroelectric power plant investments, we wholeheartedly welcome the developments in wind, solar and landfill gas energy resources.

GENERAL MANAGER'S MESSAGE

We attach special importance to financing energy efficiency projects in Turkey

Another macroeconomic target of our country is to achieve energy consumption savings of 20% by 2023 by focusing on energy efficiency. The Development Bank of Turkey exhaustively supports energy efficiency projects and provides energy efficiency financing to private sector enterprises that operate in various sectors such as iron and steel, cement, aluminum, tourism and cogeneration.

Through the allocation of loans to investors who own cement production facilities during 2012, the Bank has contributed to the restoration of boilers in cement factories, aiming to save an amount of energy equal to the annual energy production of a hydroelectric power plant with a 40 MW installed capacity.

The Bank will remain the most committed supporter of energy and energy efficiency projects in 2013 and beyond. At the same time, the fundamental functions of the Development Bank of Turkey, which finances private sector investments aimed at balanced and sustainable growth, fully match the new investment incentive systems in terms of the target mass and purpose. We predict

that this situation will present new opportunities in the years to come in terms of expanding the Bank's contributions to macroeconomic development and its placement volume, as well as increasing its profitability.

25% of the SME loans that we extended within the scope of our apex banking activities were used in priority development regions

One of the financial models applied by the Development Bank of Turkey is to deliver long-term cheap resources to SMEs, the general actors of the economy, through the delivery channels of banks and leasing companies.

One of the most effective implementers of apex banking in our country, the Development Bank of Turkey has successfully completed the apex program with 7 different themes in 2012 and played a role in the creation of 7,000 new jobs by delivering nearly US\$ 224 million in resources to a total of 618 companies. With its high growth potential, the apex banking practice is a precious business line that allows the Development Bank of Turkey to reach small scale companies by collaborating with commercial banks.

Within this scope, there is a condition to use 25% of the SME loans in development priority regions. The Bank, while seeking new themes, sectors and regions, also continues to provide resources to new projects.

Sharing our experience in banking, particularly development banking, through consultancy services and technical assistance

The Development Bank of Turkey shares its experience in the banking industry, particularly in development banking, both in Turkey and in the nearby region through a combination of consultancy services and technical assistance.

In 2012, we continued to provide extensive training and consultancy services with a synergic approach to financial institutions, public institutions, trade bodies, universities and development agencies. Within this scope, the Bank completed a total of 35 consultancy projects in 2012. Our target for 2013 is to be involved in 48 projects.

The Development Bank of Turkey comprehensively supports energy efficiency projects and provides energy efficiency financing to private sector enterprises that operate in various sectors such as iron and steel, cement, aluminum, tourism and cogeneration.

The Bank will remain the most committed supporter of energy and energy efficiency projects in 2013 and beyond.

Our target for 2013 is to expand our total assets to more than TL 3.5 billion by allocating TL 1 billion worth of new loan placements.

Through different platforms and mutual dialogues, the Development Bank of Turkey also shares its knowledge and experience with development banks, financial institutions and international initiatives that operate in the nearby region. Following negotiations, we reached an agreement on technical cooperation with the Development Bank of Ethiopia in 2012 on growth and transformation policies. Moreover, during meetings held in Ankara, we discussed issues related to technical cooperation with the committee from the recently established Mauritanian Development Bank.

Between April 25th and 27th, 2012, we held our Annual General Meeting and Annual Meeting of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). More than 100 delegates participated in the meeting, including senior managers from public development banks in 25 countries, including Brazil, Russia, China, Canada, Germany, Pakistan, Iran, Malaysia and the TRNC, and a few countries located very far from Turkey like Samoa, Fiji and Sri Lanka. Moreover, the agreement which envisages the provision of 6 training programs to the participants of member countries was signed on April 25th, 2012 by and between

the Development Bank of Turkey and the ADFIAP. Within the scope of the program, employees from the Bank successfully presented the first two seminars in 2012 in Manila and Kuala Lumpur. These activities represent extremely valuable examples of the high competencies of the human resources of the Development Bank of Turkey, as well as their comprehensive know-how in the area of development banking.

We look to the future with confidence

We predict that the coming period will prepare a suitable environment for Turkey in the area of investment banking and increase business opportunities. Within this scope, in and after 2013, the Development Bank of Turkey will continue to:

- Allocate resources to industry and service sectors and renewable energy and energy efficiency investments;
- Support SMEs through new resources, more funds and more intermediary financial institutions within the scope of apex banking efforts;
- Take charge in the development of TL borrowing instruments in order to reach its target of expanding its TL credit portfolio; and
- Support sectoral and regional venture capital funds.

Our target for 2013 is to increase our total assets to more than TL 3.5 billion by allocating TL 1 billion worth of new loan placements.

The Development Bank of Turkey aims to increase its foreign resource volume to more than US\$ 2 billion in 2013 by carrying out its efforts with respect to providing US\$ 530 million of long-term resources from 5 different international institutions.

I would like to take this opportunity to extend my gratitude to our Employees, who have provided both direct and indirect support to our results in 2012, to our customers who have chosen us, to the members of our Board of Directors and Board of Auditors and to the officials of the Undersecretariat of Treasury for their valuable contributions, and our business partners for their valuable cooperation.

Yours sincerely,



Metin Pehlivan
General Manager (A.)

THE WORLD AND TURKEY

DEVELOPMENTS IN THE WORLD ECONOMY

Despite a slight recovery, 2012 was a year marked by the continued impacts of the global economic crisis

Financial and monetary measures that have been taken to tackle the crisis have not yielded the desired results in solving the problems. The global economy is under pressure from a number of factors such as uncertainty, a lack of confidence and unemployment.

Low growth rates and the high levels of uncertainty that have dogged developed countries have also taken their toll on emerging markets through the trade and finance channels. In the World Economic Outlook Report, dated October 2012, and in its revised version dated January 2013, the IMF stated that having grown by 5.1% in 2010, the world economy could only grow by 3.9% in 2011 due to the economic circumstances. The IMF estimates that the global economy grew by 3.2% in 2012, while forecasting a 3.5% rate of growth for 2013. It is estimated that the average

rate of growth in developed countries was 1.3%, with an average rate of growth of 5.1% for emerging market economies. The IMF predicts that developed countries will manage 1.4% growth in 2013, with a 5.5% average rate of growth for emerging market economies.

The crisis in the Eurozone deepened in 2012 despite the measures taken, requiring new measures. Despite the European Central Bank's unlimited bonds-bills purchase program, borrowing costs in Italy and Spain have increased considerably.

The weakness of European banking systems, popular opposition to the austerity measures being taken in many countries and the disturbing unemployment figures are the clearest indicators that the crisis is continuing. Hence, in its World Economic Outlook report, the IMF estimated that the Eurozone economy contracted by 0.4% in 2012 while predicting a further 0.2% contraction in 2013.

The US economy is estimated to have grown more slowly than the world economy as a whole,

due not only to the global crisis, but also drought and natural disasters, and the presidential elections. In its World Economic Outlook report, the IMF estimated that the US economy grew by 2.3% in 2012 and predicts a 2.0% rate of growth in 2013.

The Bank of Japan (BOJ) has stepped up its monetary expansion measures to tackle the decline in exports, the overvaluation of the Yen and the slowdown in the world economy. The IMF's report estimates that Japan's economy grew by 2.0% in 2012 due to the reconstruction activities following the earthquake, but with growth projected to recede to 1.2% in 2013 as a result of its contracting foreign trade.

The crisis in the Eurozone deepened in 2012, despite the action taken, requiring new measures.

Having chalked up considerably more vigorous growth than the world economy in 2010, the economies of China and India could not maintain the same performance in the years that followed. One of the most important reasons behind this was the contraction in trade potential. According to the IMF's report, China's economy grew by 7.8% with India's economy growing by 4.5% in 2012. The report's projections for 2013 are slightly more optimistic with 8.2% growth expected for China and 5.9% for India's economy.

As far as the monetary policy is concerned, most countries continued to implement monetary expansion policies in 2012. Interest rates were either cut or their increases were postponed in various developed countries.

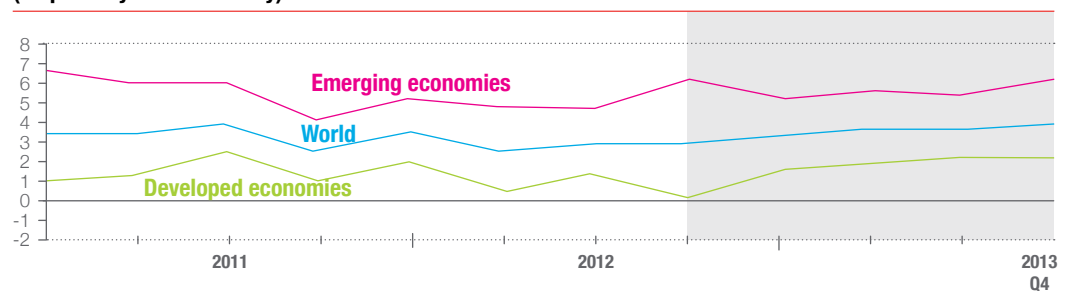
While the global goods and services trade volume increased by about 12.6% on the back of the recovery in 2010, the rate of increase slowed to 5.9% in 2011 as the effects of recession started to bite, with a further slowdown to 2.8% in 2012. Trade volume is projected to grow by 3.8% in 2013.

The increase in global consumer prices is estimated at 2.0% in 2012 and is expected to fall to 1.6% in 2013. On the other hand, in emerging markets where domestic demand has been stronger, the increase in consumer prices was balanced at 6.1% in 2012 and is expected to remain at the same level in 2013.

Unemployment - an important problem in the current circumstances - is expected to remain high. In the Eurozone, the rate of unemployment is estimated to have reached 11.2% in 2012 and is expected to edge up to 11.5% in 2013.

2.3%
GROWTH
IN 2012
THE IMF ESTIMATES THAT
THE GLOBAL ECONOMY
GREW BY 2.3% IN 2012.

Global GDP Growth rates (%)
(in quarterly basis-annually)



Source: IMF

ECONOMIC DEVELOPMENTS IN 2012 THE WORLD AND TURKEY

DEVELOPMENTS IN THE TURKISH ECONOMY

In 2012, the growth rate of the Turkish economy began to decline in parallel with the contraction in domestic demand and private sector investment.

Turkey's economy grew at an annual rate of 3.3% in the first quarter, 2.9% in the second quarter and 1.6% in the third quarter of 2012. In parallel with the decline in imports, the foreign trade deficit narrowed, while Turkey's growth continued to be driven by exports and public spending. In 3Q 2012, manufacturing industry grew by 1.3%, the services sector by 2.2% and the agricultural sector by 2.9%.

The low growth rates observed in the Turkish economy in 2012 also had a pronounced effect

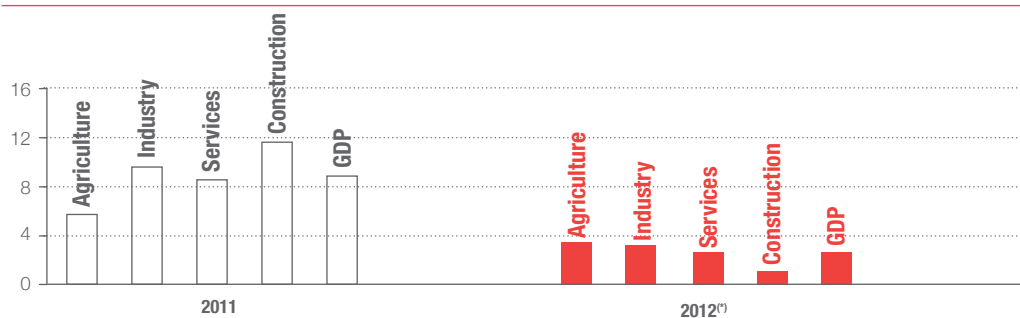
on the current account deficit. The current account deficit, which stood at US\$ 77.089 billion in 2011, was realized at US\$ 46.242 billion between January and November 2012, corresponding to a 34.3% YoY decline.

The Turkish economy's structural dependence on the import of intermediate goods, in particular, and the fact that Turkey is dependent on foreign resources such as oil and natural gas in meeting its energy needs, exacts a heavy toll on Turkey's current account deficit. In 2012, when the Turkish economy began to contract, its imports and therefore, its need for foreign resources declined, also easing the pressure on the current account deficit.

The consumer price index (CPI) increased by 6.16% YoY in December 2012 and by 8.89% according to 12-month rolling average. The producer price index (PPI) increased by 2.45% YoY in December 2012 and by 6.09% according to the 12-month average. In 2012, the gradual decline in the annual rate of inflation for primary goods and the relatively benign trend in prices of unprocessed foods played a part in the fall of inflation. While the moderation in non-agricultural international commodity prices, exchange rate stability and slowing economic activity all helped bring inflation under control, some limited increases were observed in the rate of inflation in the services sector; in particular, the increases in government duties on energy tariffs had inflationary effects.

INVESTMENT GRADE

IN EARLY NOVEMBER, FITCH STATED THAT THE TURKISH ECONOMY HAD DEMONSTRATED A SUSTAINABLE GROWTH TREND, AND RAISED ITS CREDIT RATING FOR TURKEY TO INVESTMENT GRADE.

Sectoral Growth ratios in GDP(%)

⁽¹⁾ January-September

With positive results achieved in tackling inflation during the balancing period, the CBRT's monetary policy gradually became more supportive beginning from the middle of 2012, while the CBRT gradually cut its average funding costs by increasing the liquidity injected into the market. While the policy interest rate and the interest corridor did contract to a limited extent, the required reserves were revised in a manner to tighten the monetary policy. The Monetary Policy Committee expressed that the flexible nature of the monetary policy must be protected in both directions because of the ongoing uncertainty in the global economy.

According to its inflation targeting, the CBRT projects that the rate of inflation will, with a 70% probability, be between 3.9% and 6.7% (median: 5.3%) by the end of 2013 and between 3.1% and 6.7% (median: 4.9%) at the end of 2014. Under the assumption that the CBRT maintains its cautious yet flexible monetary policy, and assuming that there is no significant change in the real effective exchange rate, the rate of growth in loan volume is expected to be around 15% in 2013. The CBRT expects the rate of inflation to stabilize at around 5% in the medium term.

The international credit rating agency, Fitch, mentioned in early November that the Turkish economy had demonstrated a sustainable growth trend and raised its sovereign credit rating to investment grade, while announcing a "stable" outlook. It was stressed that the credit rating increase was primarily a result of Turkey's strong public finances and its strong banking system, while the agency cautioned that the Turkish economy could remain more volatile than other investment grade countries, depending on the degree of macro financial risks and the government's debt burden. Fitch's upgrade of Turkey's credit rating has generated the expectation of a more positive perception towards Turkey as the country's risks decline. As the capital inflows to Turkey observed in recent years have led to an expansionary impact on financial conditions, it is projected that domestic demand could also increase in the first half of 2013.

Continued growth for the Turkish Banking Sector in 2012, but at a slower pace

The sector maintained its positive outlook in terms of liquidity, asset quality, capital adequacy and profitability.

The total assets of the banking industry rose by 12.6% to TL 1.371 trillion in 2012. Changes were performed in the second half of 2011 in order to increase credit costs, and the CBRT widened the interest rate corridor in the last quarter of the year within the framework of its monetary tightening measures and reduced the funding performed through repurchase auctions. The slow growth trend driven by these factors continued until the first half of 2012. Although the CBRT's approach towards raising liquidity in the markets and decreasing funding costs from the middle of 2012 proved extremely effective, the weakness in domestic and foreign demand continued to have a limiting impact on the banking industry.

The total loan volume of the banking industry increased by 16.4% YoY at the end of December 2012 to reach TL 794.8 billion. In 2012, the volume of non-performing loans continued to increase, rising by 23% YoY to reach TL 23.4 billion as of December 2012.

The Turkish Banking Sector continued to grow in 2012, but at a slower pace. The sector maintained its positive outlook in terms of liquidity, asset quality, capital adequacy and profitability.

THE POSITION OF

THE DEVELOPMENT BANK OF TURKEY
IN THE SECTOR**The Turkish banking industry grew by 12.6% in 2012**

The Turkish banking industry's total assets grew by 12.6% YoY in TL terms to reach TL 1.370 trillion (US\$ 773 billion) by the end of 2012. The total assets of the subgroup of development and investment banks grew by 26.7%, exceeding the banking industry average, due to rising demand in investment loans in the post-crisis period.

With its total assets having grown by 2.7% and reaching US\$ 1.6 billion in 2012, the Development Bank of Turkey notched up an average of 29.4%* growth per year between 2008 and 2012, which includes the global crisis period. With this result, the Bank demonstrated a better performance than the sector (18.8% growth) and the subgroup of development and investment banks (23% growth) on the basis of the growth in total assets. Having achieved a limited growth rate of growth in its total assets in 2012, the Bank's share in the subgroup of development and investment banks declined slightly to 5.4%.

The ratio of liquid assets in the banking industry's asset composition increased rapidly in 2009 due to the effects of the global crisis; the ratio of liquid assets began to decline as the impacts of the crisis eased and as banks demonstrated an increased preference for loans in their asset placement selection. The ratio fell to as low as 21.6% in 2012. The loans/total assets ratio, which is an indicator of a bank's liquid function performance, has continued to rise in recent years. The loans/total assets ratio in the banking industry increased to 58% by the end of 2012 (57.8% in the subgroup of development and investment banks); at the Development Bank of Turkey, the loans/total assets ratio was realized at 78.5% at the end of 2012, well in excess of the sector average ratio and the average ratio in the subgroup of development and investment banks.

Having increased its loan supply activities in recent years, the Development Bank of Turkey performs funding predominantly through foreign borrowing

In parallel with the rapid increase in foreign

borrowing in its resource composition, the ratio of foreign resources to the Bank's total liabilities rose from 52.7% in 2008 to 79.9% in 2012. As the Bank's shareholders' equity/liabilities ratio declined as a result of the developments in its liabilities composition as described above, the Bank's leverage and finance ratios have increased significantly.

The Turkish banking industry closed 2012 with a US\$ 13.3 billion net profit for the period, corresponding to an increase of 25.7% YoY.

The two factors underlying the increase in net profit were the increase in the interest margin when compared to the previous year, and the change of the FX margin from a negative to a positive value. The following factors negatively affected the net profit of the banking industry: other non-interest expenses, other provisions, personnel expenditures and other expenses arising from wages and commissions paid, as well as increasing private provisions, tax provisions and losses caused by trading activities in capital markets. On the

other hand, besides the FX margins turning to positive, the increase in non-interest revenues principally due to the increase in wages, commissions and banking services fees and the net interest rate margin increase due to the increase in revenue and volume, caused an increase in net interest income which in turn caused an increase in net profit for the period.

A strong increase in the Development Bank of Turkey's return on assets to 1.5%

In 2012, the return on assets of the Turkish banking industry and the subgroup of development and investment banks slightly increased compared to the previous year (from 2.1% to 2.2%), while the Development Bank of Turkey's return on assets strongly increased from 0.9% to 1.5%.

In parallel with the growth in the Bank's assets, the interest revenues that the Bank generates from loans and securities have also increased. With this result, the Bank's net interest margin rose by 24%. In addition, the change of the FX margin from a negative to a positive

^(*) The asset size growth rate of 29.4% for 2008-2012 is calculated over arithmetical average. On the other hand, the growth rate calculated over simple average is 45% and is mentioned in various parts of this report.

value also positively affected the Bank's net profit. As a result of these developments, the Bank's net profit for the period rose by 83% YoY.

As the CBRT took monetary tightening measures in 2012 by raising the required reserve ratios in TL and FX terms and reducing the amount of funding performed through repurchase auctions, the increase in the

banking industry's loan volume was relatively weak when compared to the previous year, being realized at 16.4% at the end of the year. The banking industry is expected to focus more on loan supply activities in 2013. On the other hand, the industry must be careful and sensitive about the debt problem in the Eurozone, the negative external shocks that may

originate from the European banking sector because of the debt problem and any hikes in FX volatility due to the changes in global trade.

The asset growth, which is essentially driven by loans in the banking industry, was funded with deposits, issued securities and an increase in the debts to foreign banks in 2012.

In parallel with the growth in the Bank's assets, the interest revenues that the Bank generates from loans and securities has also increased. With this result, the Bank's net interest margin rose by 24%.

Turkish Banking Industry – Development and Investment Banks – Development Bank of Turkey

[illegible]

IN 2012

REVIEW OF OPERATIONS

283% expansion in the Bank's credit volume and 180% increase in assets over the 2008-2012 period

Through the following actions:

- allocating resources and
- offering professional services with high added value,
the Development Bank of Turkey continues to support private sector investments that are highly important in achieving the development targets and ensuring the sustainable growth of the Turkish economy.

With a wide client portfolio, the Development Bank of Turkey unwaveringly carried out its mid- and long-term resource allocation activities under a risk sensitive approach based on market dynamics in 2012.

The Bank's long-term and strong resource structure remained a significant competitive advantage for the Bank, particularly under the variable domestic and foreign market conditions that dominated in 2012.

Thanks to the strong and deeply rooted relationships that it has established with supranational institutions, international financial institutions and banks, in 2012 the Bank unwaveringly pursued its core activity of providing resources, which are the most important element of Turkey's sustainable development.

The Development Bank of Turkey continues to support energy and energy efficiency sectors, which, according to the Bank's envisions, offer a bright future.

The total number of renewable energy projects financed by the Bank, which has played a key role in financing the largest projects ever conducted in our country, had reached 56 by the end of 2012.

Executing its activities within the scope of the ISO 14001 Environmental Management Systems certificate, and with environmental awareness as a key element of its corporate DNA, the Development Bank of Turkey continues to closely observe the "environment" in all of its activities, especially in the allocation of resources.

Direct credit supply: the basic service channel of the Development Bank of Turkey

Credit supply is the most fundamental instrument and channel of the Development Bank of Turkey in fulfilling its responsibilities and duties in accordance with its macro target of ensuring the sustainable economic growth of our country.

The framework of credit supply activities carried out by the Development Bank of Turkey is determined according to Turkey's development plans, the Bank's mission & vision and annual business programs.

Sectoral priorities of the Development Bank of Turkey in 2012...

In 2012, the credit supply activities of the Development Bank of Turkey were focused on the following sectors:

- energy
- energy efficiency
- industry
- tourism
- finance

Extending loans to enterprises that operate under the statute of incorporated companies, in the credit supply process, the Development Bank of Turkey analyses the technical, sectoral and financial aspects of investment projects based on multi-layered criteria and standards and reaches a decision on placements.

Having adopted a customer-oriented service approach, the Development Bank of Turkey offers its credit supply services in a cost-efficient manner and under competitive circumstances. Moreover, thanks to its strong relations with international financial institutions, the Bank is able to provide long-term and cost efficient resources, which are allocated to meet its customers' project financing demands.

Companies again select The Development Bank of Turkey as one of the most preferred service providers in project finance in 2012

The Bank held information meetings with a total of 358 companies in 23 cities and 3 districts in Turkey throughout the year within the scope of loan marketing activities. By attending various fairs, the Bank developed its relations with investors, who fall under its field of activity. In 2012, a total of 39 companies submitted applications for TL 892 million worth of loans to the Bank.

During the year, the Bank extended TL 440 million in loans, signed credit contracts worth TL 277 million and extended TL 649 million in new loans. Of the entire new loan volume supplied by the Bank in 2012, a TL 392

million portion consisted of direct credit supply, while a TL 257 million portion was through apex banking.

The total credit volume of the Development Bank of Turkey rose by 21.3% from TL 1.859 billion at the end of 2011 to TL 2.254 billion by the end of 2012. The decline in the Bank's credit growth rate was essentially a result of the decline in the credit growth rate of the banking industry. During the same period, the rate of increase in loans extended by the banking sector was just 16.4%.

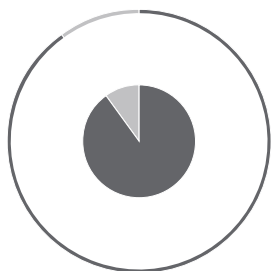
In 2012, 83% of the loans extended by the Development Bank of Turkey were funded through tied loans

Within the framework of Basel II regulations, 100% risk weighted loans have a 74% share among the Bank's credit portfolio; 75% risk weighted loans have a 1% share; 50% risk weighted loans have a 24% share; and 0% risk weighted loans have a 2% share.

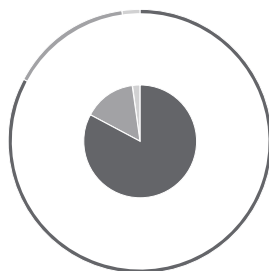
Of the Bank's loans, 8% are financed with short-term resources and 92% are financed with mid- and long-term resources. 83% of the Bank's loans are from foreign banks; 2% are from funds; and 15% are bank loans.

Its mid- and long-term credit portfolio is a basic indicator of the Bank's banking approach, which is focused on sustainable development.

The Distribution of Loan Portfolio on the Basis of Maturity and Resources-2012



■ Medium and Long Term 92%
■ Short Term 8%



■ Foreign Sources 83%
■ Bank's Resources 15%
■ Funds 2%

21.3%

The total credit volume of the Development Bank of Turkey rose by 21.3% from TL 1.859 billion at the end of 2011 to TL 2.254 billion at the end of 2012.

REVIEW OF OPERATIONS IN 2012

Strong support for SMEs:

Apex banking activities

Apex banking activities allow the Development Bank of Turkey to offer services to SMEs throughout Turkey.

Within the framework of apex banking activities, that aim to provide an increasing contribution to employment within the macroeconomic structure and to enhance the competitive edge of SMEs, the Development Bank of Turkey:

- supports project development efforts; and
- carries out its efforts to provide resources for the financing of projects.

Although SME's carry a significant portion of the national economy on their shoulders, SMEs only accounted for a 24% share of total loans supplied in 2012, because of the challenging credit conditions and lack of financial instruments.

Offering its loan services only to enterprises that operate under the statute of incorporated companies due to legislation, the Development Bank of Turkey spreads its services by reaching small

scale companies through apex banking projects. Within the framework of this model, that was prepared to create jobs and increase the competitive strength of SMEs in Turkey, the Bank develops projects on one hand and carries out efforts to provide resource for the financing of these projects on the other.

Apex banking loans extended by the Development Bank of Turkey account for nearly 15% of its total loan stock. The Bank has cooperated with 5 different intermediary financial institutions within the scope of its apex banking activities.

Within the scope of apex banking, between the years of 2008 and 2012, the Development Bank of Turkey:

- allocated US\$ 224 million in resources;
- joined forces with 4 banks and 1 financial leasing company;
- reached 618 companies; and
- created more than 7,000 jobs.

Highlights from the Bank's Efforts to Provide Long-Term Resources Supporting Apex Banking

2nd "Project for Access of Small and Medium Sized Enterprises to Financial Resources" by World Bank

Date of contract: July 6th, 2010

Loan volume: US\$ 100 million

Amount of loans drawn: 2010- 2011: US\$ 32 million

2012: US\$ 68 million

Within the scope of the project, the Bank signed mediation agreements worth US\$ 40 million, US\$35 million with two intermediary banks in 2010 and US\$25 million with one financial leasing company in 2011. The entire amount drawn had been supplied to the intermediary banks by the end of 2012.

Council of Europe Development Bank (CEB) Apex Loan Programme

Date of contract: August 13th, 2010

Loan volume: € 50 million

Scope: Small Tourism Enterprises Loan Program-STEP, Sustainable Financial Instruments of Clusters-SUFI, Enhancing Research Activities of SMEs-ERA

Amount of loans drawn: 2011: € 25 million

2012: € 25 million

Within the scope of the project, the Bank signed loan agreements worth € 35 million and € 15 million with two intermediary banks in 2011. The entire amount drawn had been supplied to the intermediary banks by the end of 2012.

Summary information with respect to the resources obtained from foreign financial institutions and supplied to investing companies by the Bank in 2012, is presented below.

Within the scope of cooperation with World Bank (WB):

WB Private Sector Renewable Energy and Energy Efficiency Project II

Date of contract: June 9th, 2009

Loans supplied in 2012: US\$ 2.8 million and € 270,000

Total amount of loans provided by end of 2012: US\$ 30 million and € 15.7 million

The entire amount drawn was supplied to companies.

Date of contract: December 5th, 2011

Additional loan contracts (2011): US\$ 135 million and € 114.3 million

Within this scope, in 2012, the Bank supplied:

- US\$ 29.8 million and € 2.1 million to renewable energy projects; and
- US\$ 6.1 million and € 3.5 million to energy efficiency projects

The entire amount drawn was supplied to companies.

WB Clean Technology Fund Project

Date of contract: June 9th, 2009

Loan volume: US\$ 30 million

Loans supplied in 2012: US\$ 9 million

Total amount of loans provided by end of 2012: US\$ 29 million

The entire amount drawn was supplied to companies.

Within the scope of cooperation with the Islamic Development Bank (IDB):

IDB Loans for Financing SME Investments

Date of contract: June 3rd, 2009

Loan volume: US\$ 40 million

Purpose of loan: To finance fixed investment needs of SMEs operating in the manufacturing industry

Loans supplied in 2012: US\$ 6.1 million

Total amount of loans provided as of end-2012: US\$ 19.5 million

The entire amount drawn was supplied to companies.

Within the scope of cooperation with the European Investment Bank (EIB):

EIB Environment and Energy Efficiency II Loan

Date of contract: December 10th, 2009

Loan volume: 150 million euro

Purpose of loan: To finance investments supporting projects which utilize renewable energy resources and increase energy efficiency, as well as financing programs aimed at tackling industrial pollution. A total of € 25.3 million of resources were obtained for energy efficiency in 2012.

Total amount of loans provided by the end of 2012: € 150 million

The entire amount drawn was supplied to companies.

EIB SME Development Loan Contract

Date of contract: June 8th, 2009

Loan volume: € 100 million

Purpose of loan: To finance projects in industry and services sectors, as well as healthcare, education, information technologies, environmental protection, energy efficiency and infrastructural sectors

Loans supplied in 2012: € 20 million

Total amount of loans provided by the end of 2012: € 100 million

The entire amount drawn was supplied to companies.

EIB SME MID-CAP Part A Contract

Date of contract: July 4th, 2011

Loan volume: € 75 million

Purpose of loan: To finance SME investments

Loans supplied in 2012: € 50 million

Total amount of loans provided by the end of 2012: Only a € 49.2 million portion of these resources was supplied to companies.

EIB KOBİ MID-CAP Part B Contract

Date of contract: May 9th, 2012

Loan volume: € 75 million

Purpose of loan: To finance renewable energy and energy efficiency investments

In 2012:

- € 28.7 million worth of resources were obtained for renewable energy projects;
- € 1.3 million worth of resources were obtained for energy efficiency projects.

Only a € 22.4 million of these portion resources was supplied to companies.

REVIEW OF OPERATIONS IN 2012

Cooperation with the Islamic Development Bank in treasury transactions

The Development Bank of Turkey and the Islamic Development Bank signed a Commodity-Based Usury Agreement to provide loans for treasury transactions. Within the scope of this loan programme, which offers short-term financing, the credit balance stood at US\$ 13 million and € 7 million at the end of 2012.

Working with the international financial institutions to provide new resources... The Development Bank of Turkey continued its strong cooperation with international financial institution in 2012 in order to provide short-term and cost-efficient resources and to ensure resource diversity.

The Development Bank of Turkey continues efforts to obtain new resources from international financial institutions that it is in a loan relation with while also establishing new relations with different institutions.

The Development Bank of Turkey will take over the management of the EU-Turkey Fund.

The Small Enterprises Loan Programme (SELP-II) technical assistance project which will be conducted with the European Union's (EU) resources has been launched. Within the scope of the program, the EU-Turkey Fund was established. Intermediary banks will obtain resources from this fund in order to meet the financing needs of SMEs that operate in development priority regions.

The orientation committee decided in November 2011 that the German Development Bank (KfW) would continue to manage the SELP-II fund for an additional 1 year until the end of 2013.

Efforts are under way to ensure that SELP-II gains a corporate structure by the end of 2013 and the Development Bank of Turkey is involved in the activities and the management of this corporate structure. To this end, plans were set out at the Orientation Committee meeting held on November

20th, 2012 that an independent consultant would prepare and complete a feasibility report detailing alternative means to institutionalize the SELP-II fund by the end of April 2013, and that a roadmap would be determined after evaluating the report in the meeting to be held in May 2013.

Within the scope of SELP-II, the Development Bank of Turkey will collaborate with the development agencies founded/to be founded throughout Turkey and other non-governmental organizations and provide entrepreneurs with technical, training, operational and financial support.

In its activities and credit supply processes, the Development Bank of Turkey is aware of its social responsibilities associated with being a public corporation, and attaches priority and importance to supporting renewable energy resources.

In its activities and credit supply processes, the Development Bank of Turkey is aware of the social responsibilities it bears as a public corporation, and attaches priority and importance to supporting renewable energy resources.

Supporting investments in the Turkish Republic of Northern Cyprus (TRNC)

The Development Bank of Turkey has successfully undertaken efforts to prepare an incentive program specific to the TRNC and mediates in loan supply processes.

In accordance with the Cabinet's Decision no: 2009/15426 and dated: September 8th, 2009, the Development Bank of Turkey was assigned to support the investments to be undertaken in the TRNC. Within the scope of the protocol of cooperation between the two countries (the TRNC and Turkey), the Bank will extend loans from its own resources to finance the investments in tourism in developing regions in 2013 and beyond.

The Development Bank of Turkey attaches tremendous importance to energy efficiency and the development of renewable energy resources

In its activities and credit supply processes, the Development Bank of Turkey is aware of the social responsibilities it bears as a public corporation, and attaches priority and importance to supporting renewable energy resources. The Bank also actively extends loans to enterprises undertaking energy efficiency investments.

Within the scope of the marketing strategy set out in accordance with the Bank's resource portfolio, the Development Bank of Turkey will continue to allocate an increasing volume of resources to energy and energy efficiency investments in the coming period.

Raising the Bank's effectiveness in the energy sector

The Development Bank of Turkey participated in the following events as part of efforts to manage its activities in the energy sector more effectively, to access broader investor masses and to keep a closer view of the ongoing developments in the sector:

- The 3rd National Energy Efficiency Exhibition and Conference held in Istanbul on January 12th-13th,
- The EMITT-2012 Eastern Mediterranean International Tourism and Travel Exhibition held on February 8th-10th, 2012, and
- The Panel on "Support Provided to SMEs and Alternative Finance Possibilities" held by the Konya Chamber of Trade in November 2012; the Bank also provided a presentation on Energy and Energy Efficiency.

The Development Bank of Turkey also participated in the "2nd Turkish-German Renewable Energy Cooperation Forum", held in December 2012 with cooperation between the Turkish Confederation of Businessmen and Industrialists (TUSKON) and the German Federation of Associations in Business Life (BUV) and with the contributions of the Turkish Ministry of Energy and Natural Resources and the German Federal Ministry of Environment. In the forum, the Bank also provided a presentation on its activities.

Contribution to the development of Turkey's policies to tackle climate change

In cooperation with the Ministry of Environment and Urban Planning and the United Nations Development Program (UNDP), the Development Bank of Turkey contributed to efforts to develop Turkey's policies on tackling climate change and in the preparation of Turkey's 2nd National Declaration on Climate Change.

The Development Bank of Turkey will continue to allocate an increasing volume of resources to energy and energy efficiency investments in the coming period.

REVIEW OF OPERATIONS IN 2012

A successful year in Treasury and capital market transactions

In 2012, the Development Bank of Turkey kept a close view of developments in the domestic and international capital and money markets.

The European debt crisis that broke out in 2011 lowered the global rate of economic growth in 2012. Having grown by 3.8% in 2011, the global economy is estimated to have grown by around 3.3% in 2012. Turkey's growth performance exhibited a similar trend to that seen in the world as a whole. Having grown by 5% in 2011, the Turkish economy is estimated to have grown by 3% in 2012.

In 2012, the following factors set the stage for international rating agencies to raise Turkey's credit rating to investment grade: Turkey's relatively strong growth performance; a healthy fiscal performance and sound debt indicators; and the relative improvement in the current account deficit. In the wake of the increase in Turkey's credit rating, as well as the positive developments observed in the European debt crisis in the second half of 2012, the CBRT was forced to cut interest rates in response to the strong FX inflows.

In the second half of 2012, the interest rate corridor was narrowed by 250 basis points, while the policy interest rate was cut by 50 basis points. The CBRT narrowed the FX supply in the market by setting up the reserve options mechanism and expanding bank's TL facilities in order to reduce the impact of strong FX inflows on the value of the TL. These developments paved the way for a decline in the benchmark bond yield from 10.3% in early 2012 to 6.2% by the end of the year. During the same period, the value of the TL increased by about 6% against the US\$ and by about 2.1% against the Euro.

The Development Bank of Turkey effectively managed its interest, FX and liquidity risks, by taking the calculated risks and returns into account, and successfully managed its TL and FX assets.

The Bank's TL assets, which comprise a significant proportion of the assets managed by the Treasury Department of the Development Bank of Turkey, are generally used in placements to other banks or invested in securities, especially Government Debt Securities.

The amounts and the breakdown of assets managed by the Development Bank of Turkey are provided in the following table.

Contraction in the securities portfolio

Because of the difference between the CBRT's policy interest rate and market interest rates in the first quarter of 2012, within the framework of open market transactions performed by the CBRT, the amount borrowed by the Bank through repurchase transactions and accordingly the volume of the Bank's government debt securities portfolio was close to the corresponding amounts of 2011.

In parallel with the fall in interest rates, the Development Bank of Turkey started to reduce the size of its securities portfolio in the second quarter of 2012, by selling or redeeming some of its securities.

As the attractiveness of the difference between the policy interest rate and market interest rate was lost after CBRT's actions, the Bank stopped borrowing from the CBRT's open market transactions through repurchase in September 2012. As a result of this strategy, the volume of the securities portfolio of the Development Bank of Turkey fell to as little as TL 117 million by the end of the year as the Bank redeemed some of the securities in the portfolio.

Total assets (TL, million)

	As of December 31st, 2012	Year Average
FX assets	39.6	41.2
TL placements	356.8	348.4
Securities	117.0	278.1
Mutual funds	3.9	3.9
Total	517.3	671.5

Breakdown of total assets

	As of December 31st, 2012	Year Average
FX assets/Total assets	7.6%	6.1%
Placements to the TL money market/Total assets	69.0%	51.9%
Securities portfolio/ Total assets	22.6%	41.4%
Mutual funds portfolio/ Total assets	0.8%	0.6%
Total	100.0%	100.0%

A more active policy in the management of the FX position and FX stock

The Development Bank of Turkey attained a higher rate of return than the market interest rates through short-term bridging loans, which were used to ensure more effective utilization of low-income FX liquid assets, as well as covering investors' need for cash until necessary resources were allocated, and to facilitate the rapid completion of investments.

While the Bank maintained its FX stock at a minimum level, it acquired funds through FX swaps in order to meet its FX needs and generate cost-efficient short-term TL resources for the aim of benefiting from the high TL interest rate.

In 2012, the Development Bank of Turkey generated TL 28.9 million in interest revenues from its securities portfolio and TL 28.3 million from placements (depository + reverse repo) to interbank money markets. The Bank gained TL 0.3 million from its liquid FX assets during the same period.

Mutual funds of the Development Bank of Turkey

The Development Bank of Turkey has 3 mutual funds.

The macroeconomic developments summarized above offered a favorable environment for the rise in share prices during 2012, and the ISE 100 Index closed the year at 78,208 points, marking an increase of 52.5% YoY in TL terms. The ISE became the second highest rising stock exchange in the world with an increase of 61.8% in US\$ terms.

As of end-2012, the Bank's Type A mutual fund yielded a return of 16.1%; Type B mutual fund yield a return of 6.6%; and Type B liquid fund yielded a return of 4.7%. The Bank also generated TL 126,832 in asset management fees in 2012.

The Development Bank of Turkey will issue TL 100 million worth of debt securities in 2013

Within the scope of its strategy to meet the financing needs of its investing customers through various and cost-efficient resources, the Development Bank of Turkey will issue TL 100 million worth of debt securities in 2013. The Bank launched the necessary steps and plans to extend new resources in the third quarter of 2013 after completing the issue procedures.

A co-pioneer and partner of Istanbul Venture Capital Initiative (IVCI)

In conjunction with the European Investment Fund, the Development Bank of Turkey pioneered the establishment of the Istanbul Venture Capital Initiative (IVCI), the mother fund and the co-investment program of all Turkey-based mutual funds. The European Investment Fund was also responsible for the consultancy of the project.

The fund, with € 160 million in capital and which undertook its first investment in 2009, plays a significant role in the development of the private sector in Turkey and allows access to financing for companies with high growth potential.

The Development Bank of Turkey has committed €10 million in capital to the Istanbul Venture Capital Initiative. In line with this commitment, the total volume of payments made by the Bank reached € 3.655 million, including the payment of €1.75 million in 2012 and the payment of €500,000 on January 18th, 2013.

At the end of 2012, a total of nine investments had been carried out under the initiative, while the total volume of investments committed by the initiative reaching €136 million.

REVIEW OF OPERATIONS IN 2012

At the end of 2012, the Development Bank of Turkey had 10 subsidiaries

The Development Bank of Turkey has a total of 10 subsidiaries; two subsidiaries are multi-partner and/or publicly-held companies; one subsidiary is a basic industry corporation; and seven subsidiaries (including IVCI) which are not publicly-held.

The Bank has three subsidiaries in Istanbul, one in the Aegean Region, one in Central Anatolia, one in Central-Eastern Anatolia, one in South Eastern Anatolia and one in Western Anatolia.

Of these eight subsidiaries, two operate in the manufacturing industry and six operate in the services sector. Of the two subsidiaries in the manufacturing industry, one is in the consumer goods sub-sector and the other is in the investment goods sub-sector. The Bank holds an average stake of 11.4% in these subsidiaries. In accordance with its mission of offering its shares in its subsidiaries to the public, as stated in the Charter Act of the Development Bank of Turkey, the Bank maintained its policies and practices to sell its shares in its subsidiaries in the form of block sales and/or public offering throughout 2012.

Kalkınma Yatırım Menkul Değerler in the liquidation process

Following the sale of the licenses held by Kalkınma Yatırım Menkul Değerler AŞ in 2011, a decision was taken to liquidate the company at the Ordinary General Board Meeting held on March 20th, 2012 and the necessary measures were initiated.

Financing SMEs through the clustering support project

The Development Bank of Turkey undertakes efforts within the scope of the "Clustering Support Project throughout Turkey", which aims to finance SMEs' investments that will contribute to the value chain of clusters in regions with potential clustering capacity in Turkey

Within the scope of the "Clustering Support Project throughout Turkey", the Bank performed a field study by visiting 21 clusters located in 9 cities in order to analyze means of financing SMEs, which are members of potential clusters in highly competitive sectors, through apex banking. According to the results of the field study, the financing needs of SMEs that are members of selected clusters will be met through the apex banking method based on the resources that are planned to be provided from foreign financial institutions.

In meetings related to clustering activities held with the Ministry of the Economy and the Ministry of Science and Industry, and also in universities, the Bank provided information concerning the project and set out various opportunities for cooperation. The Bank has also worked towards the preparation of the "Ankara Angel Investor Summit", which is planned to be jointly organized by the Ankara Development Agency and the Bank.

10

SUBSIDIARIES

OF THE SUBSIDIARIES OF THE DEVELOPMENT BANK OF TURKEY, 2 ARE MULTI-PARTNERED AND/OR PUBLICLY HELD COMPANIES; 1 IS A BASIC INDUSTRY CORPORATION AND 7 ARE NON-PUBLIC COMPANIES.

Undertaking intensive use of information technology to ensure continuity, efficiency and productivity in its service cycle

Always striving to provide effective, efficient and high quality service to its clients, the Development Bank of Turkey maintained its improvement and renovation efforts in 2012 in an effort to obtain the maximum yield from its Information Technology infrastructure and to ensure business continuity.

Aspiring to have one of the best Information Technology infrastructures in the banking sector, the Bank also aims to increase the performance of its personnel, process efficiency and competitiveness as a result of its focus on legal compliance, information security, business continuity and the improvements in its infrastructure.

The Bank will continue to invest in information technology and infrastructure in 2013, as it strives to provide all stakeholders with accurate and reliable information in the easiest and swiftest manner.

Providing systematic training to improve its employees' individual competencies and performance

The pillar of the sustainable corporate success at the Development Bank of Turkey is the Bank's employees, who are selective in the market with their occupational expertise, who are open to development and who always aim to cover customers' needs and expectations. The Bank conducts systematic training sessions aiming to improve its employees' individual competencies and performance.

With the purpose of enhancing the effectiveness and efficiency of the Bank's activities, occupational training programs were conducted in 2011 with the participation of specialists and lecturers from public agencies and universities. Besides, whenever required, employees were allowed to participate in the training sessions provided by various corporations and institutions in Turkey and abroad.

In 2012, a total of 37 seminars, five conferences, eight courses, four conventions, three meetings, one panel and one workshop were organized; a total of 1,106 employees benefited from these training programs.

A finger on the pulse of environmental issues

Offering its banking products and services under an approach based on sustainable growth and development, the Development Bank of Turkey is determined to:

- play its part and fulfill its responsibilities with respect to the effective, efficient, innovative and fair use of natural resources and
- be a continuous and leading supporter of environmental initiatives, especially in tackling climate change.

The first public bank to establish the Environmental Management System

At the Development Bank of Turkey, all efforts aimed at protecting the environment are conducted within the scope of the Bank's Environmental Policy and Environmental Management System.

The TSE Surveillance Investigation was performed in June 2012 and the Bank's TSE-EN-ISO 14001 Environmental Management System certificate was renewed. Moreover, within the scope of continuous monitoring and improvement of the Environmental Management System, internal inspections were carried out throughout the Bank in November 2012.

1,106

TRAINING ACTIVITIES

IN 2012, A TOTAL OF 37 SEMINARS, 8 COURSES, 5 CONFERENCES, 4 CONGRESSES, 3 MEETINGS, 1 PANEL AND 1 ON-THE-JOB TRAINING SESSION WERE PROVIDED AT THE BANK. A TOTAL OF 1,106 EMPLOYEES BENEFITED FROM THESE TRAINING PROGRAMS.



REVIEW OF OPERATIONS IN 2012

In accordance with Article 4.2 of the TSE-EN-ISO 14001 standard, entitled "Social Responsibility" and in accordance with the decision and suggestion of the Environmental Management Committee and decision, no: 118, of the Bank's Board of Directors and dated: June 20th, 2012, the Development Bank of Turkey has added the expression, "to share its environmental know-how with its stakeholders" to its Environmental Policy. In line with this revision, the Development Bank of Turkey's Environmental Policy is provided below.

"Having adopted the principle of reducing resource utilization and the negative environmental impacts resulting from our services and activities, our Bank undertakes to fulfill its legal environmental responsibilities, to raise environmental awareness, to be environmentally conscious, to undertake continuous improvements and to share its environmental know-how with its stakeholders."

A target for the use of electricity based on renewable energy

One of the targets of the Development Bank of Turkey in 2012 was to obtain electricity from companies that generate electricity based on renewable energy resources. The Bank is currently conducting research in this area, which it plans to complete in June 2013.

Cooperation with the Ankara Provincial Directorate of Environment and Forestry

In line with the protocol signed by and between the Development Bank of Turkey and the Ankara Provincial Directorate of Environment and Forestry, the Provincial Directorate of Environment and Forestry, in addition to the saplings planted on behalf of the Bank on November 11th, 2010, planted additional saplings and cleaned dry saplings in May 2012.

Fire drills were performed in May at the Bank's general headquarters service buildings located in Ankara. The Bank also provided environmental classes to kindergarten children within the scope of social responsibility activities.

Targets and Strategies for the Development Bank of Turkey for 2013

Development banking is a type of banking which aims to ensure economic, technological and socio-cultural development in a country and helps the community reach a higher level of prosperity and which undertakes the necessary planning and carries out the related practices together with the public authority in order to enable a structural transformation for the above-mentioned purposes.

In an area where development is desired, it is the development banks that take the first initiative and pave the way. Commercial banks take this path only after development banks have achieved success.

In addition to its function of supporting development, the Development Bank of Turkey is engaged in the following activities, which can be considered as examples of successful development banking; providing finance, training and consultancy support to labor companies; the role it has played in the tourism sector and the current status of the sector; supporting export-based industries through loans with or without FX guarantee between 1986 and 1994; and the project of completing investments which had been left incomplete in

underdeveloped regions due to inadequate operating capital between 1997 and 2002, and bringing inadequately funded enterprises back to the national economy.

By focusing on the energy sector since 2005, the Bank has sought to move towards a target of meeting Turkey's energy needs through renewable energy resources.

The fundamental goal of the medium term program covering the 2013-2015 period has been determined as "to raise economic growth to its potential level despite the challenges in the global economy; to increase employment; to improve public sector balances; to continue to tackle inflation; to maintain the downward trend in the current account deficit; to increase domestic savings; and to therefore strengthen macroeconomic stability."

Within the framework of the medium term program's basic purpose, the Development Bank of Turkey will continue to support investments in renewable energy, energy efficiency, manufacturing industry, tourism, education and healthcare through direct and apex banking practices in order to contribute to growth and employment, and to maintain the downward trend in the current account deficit.

RESEARCH AND DEVELOPMENT ACTIVITIES

Performed with a customer-oriented approach, research and development activities are shaped with the Bank's know-how and corporate competencies. Adding value to development, these activities also raise customer satisfaction.

In addition to its basic function of allocating resources to feasible projects, the Development Bank of Turkey generates added value by evaluating the economic and social contributions of these investments to Turkey's macroeconomic structure and also by providing technical support to investors.

In the research units of the Development Bank of Turkey, research activities and projects are conducted not only for the benefit of the Bank's own operations but in the areas deemed necessary for the Turkish economy as well; all eligible studies are shared publicly through the electronic environment. The Bank's primary research and development activities in 2012 were clustered in the following main categories:

Regional Studies

Conducted for the purpose of formulating the development strategies of a specific geographic region, the regional studies carried out during 2012 primarily consisted of research activities and training programs for development agencies.

Education and Training Programs

The Bank held the following training programs:

- "Feasibility Evaluation Analysis" (Economic Analysis and Evaluation) training (7 programs),
- "Analysis of Basic Macroeconomic Indicators" training (2 programs),
- "Sectoral Performance Evaluation, Analysis of Regional Competitiveness and Determination of Potential Regional Investment Areas" training for the Southern Aegean Development Agency (GEKA) and Eastern Black Sea Development Agency (DOKA), and
- "Determination of Potential Regional Investment Areas in the Light of Cross-Sectoral Interaction and Sectoral Structure Analysis" training for the Northern Anatolian Development Agency (KUZKA).

Research Reports

The Bank prepared the following research reports:

- "Search for Feasible Investment Areas for the Province of Konya" prefeasibility report for the Konya Chamber of Trade,
- "Research on Potential Investment Issues for the Province of Izmir" report for the Izmir Development Agency,
- "Healthcare Technologies - Research on the Medical, Surgery and Orthopedic Equipment Production Sector" report for the Ankara Development Agency, and
- "Foreign Trade Analysis for the Province of Ankara" report for the Ankara Development Agency.

General Studies

These studies are conducted in areas directly or indirectly related to the Bank's areas of business with the aim of contributing to the decision-making support processes. Accordingly, the following publications were prepared by ESAM:

- A book entitled "Structural Analysis of the Turkish Manufacturing Industry and Sectoral Performance Evaluation 2011" by 22 Primary Sectors
- "Energy Efficiency in Turkey (General Energy Balance and Renewable Energy)" evaluation report

Of these reports, which examine competitive conditions in the sectors as well as the events that set the economic agenda in Turkey and in the world, and their repercussions, those not deemed confidential are shared with the public and posted on the Bank's website at www.kalkinma.com.tr.

Technological Monitoring and Research Activities

In 2012, the Development Bank of Turkey 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 services. The Bank's activities in this area in 2012 include 2 presentations and seminars held in and outside the Bank. The Bank participated in 11 different exhibitions, completed a total of 46 appraisal, evaluation and survey reports, four incentive certificate closing expertise reports and seven feasibility study reports.

The Bank provided feasibility report preparation training to specialists from developmental agencies on five occasions. The Bank also completed 47 project evaluation reports for six TIGEM (Agricultural Enterprises General Directorate) enterprises with respect to the long-term rental of such enterprises.

ADVISORY AND TECHNICAL SUPPORT SERVICES

Providing significant support to the growth and development efforts of corporations and enterprises operating in different sectors, the Development Bank of Turkey has broad experience in the field of advisory services. In line with domestic and foreign demand, the Development Bank of Turkey offers advisory services in a number of areas in order to:

- Ensure that corporations and enterprises develop projects and plans for the future;
- Increase their quality and efficiency;
- Ensure that they undertake sound investment decisions; and
- Help them take the right steps in the technical, regulatory and planning phases.

Additionally, the Bank conducts regional and sectoral analysis and studies in Turkey and abroad; provides project-based technical support to various organizations in a variety of areas, especially in project design, evaluation and feasibility; and offers training in order to support institutional capacity in these and similar subjects.

Highlights from some of the advisory services and technical assistance provided in 2012 are presented below:

Cooperation with development agencies

In accordance with the framework set out by the Bank and the Ministry of Development, the Development Bank of Turkey continued to support development agencies in 2012 through training on institutional capacity, sectoral research studies and strategy reports, and by cooperating with them in feasibility studies.

Within the scope of Institutional Capacity Increasing Training Services, the Bank provided a total of 33 training sessions to development agencies through 10 separate training modules. A total of 762 agency specialists (350 in 2011 and 412 in 2012) participated in these training programs.

Through the cooperation built with development agencies in non-training areas of service, the Bank conducted 13 different studies during the same period, including sectoral reports, feasibility reports, studies on feasible investment areas and strategy development reports for different regions and areas. The Development Bank of Turkey is one of the few corporations to work with all of the 26 agencies at the central level.

Cooperation with COMCEC

In the second quarter of 2011 the Development Bank of Turkey had started studies for developing cooperation on the subject of administration of the grant programs to be executed among member countries of COMEC (Standing Committee for Economic and Trade Cooperation of the Organization of Islamic Cooperation) in which the secretariat is conducted by the Ministry of Development of Republic of Turkey.

The Development Bank of Turkey is planned to get involved as the co-manager of the grant programme worth US\$ 2 million which will be applied by COMCEC in member countries. Drafts were prepared for the program, which is planned to be implemented in 2013.

After an interval of 14 years, 35th ADFIAP Annual Ordinary Meeting was hosted by Development Bank of Turkey on April 25th-27th, 2012 in Istanbul.

On April 25-27th, 2012, the 35th General Assembly and Annual Meeting of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) was held successfully in Istanbul with the highest level of participation seen in recent years.

Mr. Cevdet YILMAZ - the Minister of Development, and Mr. Erdem BAŞÇI - the President of the CBRT attended these meetings, in which the Development Bank of Turkey participated as the Board member, along with a total of 108 bank senior managers from 25 countries.

The main topic of discussion in these meetings, which continued for three days, was the "The role of Development Finance Agencies in sustainable development within the economic crisis atmosphere".

For more detailed information about the 35th ADFIAP General Assembly and Annual Meeting, please visit: <http://adfiapistambul.org/>

ADFIAP and the Development Bank of Turkey Join Forces

The agreement, which envisages the provision of 6 training programs to participants of member countries, was signed at the ADFIAP General Assembly on April 25th, 2012 by and between the Development Bank of Turkey and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

Within the scope of the program, the first of the joint seminars in which specialists from the Bank participated in as instructors was held in Manila, Philippines between July 23rd-27th, 2012 and the second seminar was held in Kuala Lumpur, Malaysia between December 3rd-7th, 2012.

The first seminar entitled "Strategic Financial Management in SMEs" was held with the participation of 17 loan managers/specialists from the development banks of the Philippines, Malaysia, Palau, Samoa and Micronesia. A total of 18 people participated in the second seminar held in Kuala Lumpur.

In 2012, the Bank launched efforts for the Program of Technical Cooperation with the Development Bank of Ethiopia (DBE)

Efforts conducted under TIKA's (Turkish International Cooperation and Development Agency) coordination for the Program of Technical Cooperation with the Development Bank of Ethiopia (DBE) were launched in the second half of 2012.

Following the completion of preparations, the Bank committee visited the Development Bank of Ethiopia in Addis Ababa on November 5th-9th, 2012 under the presidency of Mr. Metin Pehlivan - Assistant General Manager of the Development Bank of Turkey. The committee held negotiations with officials from the bank and reached a consensus with respect to the cooperation roadmap.

After the business visit, the Development Bank of Turkey negotiated with TIKA to prepare the operational plan and budget. Within the scope of the consensus reached with the Development Bank of Ethiopia concerning the operational plan, the Technical Cooperation program is scheduled to be held between February and June 2013, through a series of workshops mutual specialist exchanges.

Having combined its expertise in the area of renewable energy with its international consultancy experience, in 2012 the Development Bank of Turkey launched efforts to offer services of high added value to investing companies

Extending significant support to the growth and development efforts of corporations and enterprises operating in a range of different sectors, the Development Bank of Turkey has broad experience in advisory services.

Additionally, the Bank conducts regional and sectoral analysis and studies in Turkey and abroad; provides project-based technical support; and offers training services.

ART AND VOLUNTARY CONTRIBUTIONS

The Development Bank of Turkey continued to share its employees' voluntary contributions with the public in 2012

- Toys and coloring books were collected for 4 nursery classes at the Selçuklu Elementary School in Mamak were delivered to members of staff from the school.
- Within the scope of the campaign, "Books for Schools", launched by the Bank, 6 boxes of various text books and encyclopedias collected from employees were sent by courier to the Tufanbeyli Cumhuriyet Elementary School in Adana.
- Within the scope of the book campaign launched by the Bank for a new library being built in Erzincan University, four boxes of books were collected and sent to the Erzincan University Central Library.
- Second hand clothes donated by our Bank personnel were delivered to the Behice Eren Centre for Children & Youth under the Social Services and Child Protection Agency (SHÇEK).

- The Turkish Red Crescent organized a Blood Donation Campaign at the Development Bank of Turkey on January 25th-26th, 2012. A total of 24 Bank personnel donated blood.
- In 2012, Ramadan month for the firm personnel conducting cleaning and other support services within the Development Bank; the Ramadan food packages and Ramadan Holiday candies were presented to related personnel on August 11 th-15 th, 2012.

The Development Bank of Turkey will unstintingly continue to encourage voluntary participation in social responsibility initiatives

Employees of Development Bank enjoy social activities

A Bowling Tournament was organized on Saturday, January 14th, 2012 with the participation of 21 female employees working at the Development Bank of Turkey.

Employees of the Development Bank of Turkey had got the opportunity to come together in various art and cultural events, tours and similar activities throughout the year. Within the scope of the activities systematically announced to the Bank personnel through the Bank's website, a total of 3,072 people participated in cultural events, such as concerts, operas and plays in 2012.

Within the scope of the social events of the Development Bank of Turkey, the 5th Astro Turf Football Tournament held by the Bank between September and December 2012 was completed with the participation of 84 players in 7 teams.

Deeming its employees as one of the primary elements of its basic stakeholder mass, the Development Bank of Turkey will continue to generate added value for its human resources through various social activities

THE ART GALLERY OF THE DEVELOPMENT BANK OF TURKEY IN 2012 2

Serving art-lovers in Ankara, the Art Gallery of the Development Bank of Turkey hosted a total of 4 art exhibitions in 2012.

- Nurgül Eren Art Exhibition between November 5th and 16th, 2012
- Gültem Başmısırlı Art Exhibition between November 19th and 30th, 2012
- Serhan Çiftçigüzeli Art Exhibition between December 3rd and 14th, 2012
- Uğur Sezlev Art Exhibition between December 17th and 28th, 2012

DECLARATION ON THE COMPLIANCE OF THE ANNUAL REPORT

The 2012 Annual Report of Development Bank of Turkey 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).



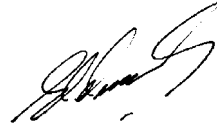
Ahmet YAMAN
Chairman of the Board of Directors (A.)



Metin PEHLİVAN
Member of the Board of Directors and
General Manager (A.)



İrfan TOKGÖZ
Chairman of the Audit Committee



Şerif ÇELENK
Vice Chairman of the Audit Committee



Zeki ÇİFTÇİ, Ph.D
Member of the Audit Committee



Adnan YALÇINCI
Executive Vice President
Responsible for Financial Reporting



Esra CEYLAN
Budget Manager



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COMPLIANCE OPINION

**CONVENIENCE TRANSLATION OF
COMPLIANCE OPINION ORIGINALLY ISSUED IN TURKISH**

**COMPLIANCE OPINION
REGARDING THE ANNUAL REPORT**

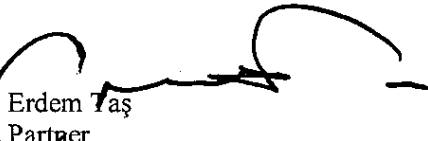
To the General Assembly of Türkiye Kalkınma Bankası A.Ş.;

We have audited the accuracy and compliance of the financial information in the accompanying annual report of Türkiye Kalkınma Bankası A.Ş. (the "Bank") with the audit report issued as of December 31, 2012. The Board of Directors of the Bank is responsible for the annual report. As independent auditors, our responsibility is to express an opinion on the audited annual report based on the compliance of financial information provided in the annual report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance as to whether the annual report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual report presents fairly, in all material respects, the financial information regarding the financial position of Türkiye Kalkınma Bankası A.Ş. as of December 31, 2012 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual report is in compliance with the audited financial statements and explanatory notes, and also includes the summary Management report and our audit opinion on these financial statements.

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


Erdem Taş
Partner
Ankara, 15 March 2013

BOARD OF DIRECTORS

**Ahmet YAMAN****Chairman of the Board of Directors (A.)**

Born in Ankara in 1966, Ahmet Yaman graduated from the Faculty of Architecture, Department of City and Regional Planning at the Middle East Technical University (METU) in 1987 and completed an MA from Cornell University in the United States. Beginning his professional career in 1988 as a Research Assistant again at the Department of City and Regional Planning at the Middle East Technical University, Mr. Yaman served as an Assistant Planning Specialist and Planning Specialist at the State Planning Organization (SPO) General Directorate of Social Sectors between 1989 and 2002, as a General Coordinator of SPO EU Education and Youth Programs Centre between 2002 and 2003 and as a General Manager at the General Directorate of Regional Development between 2004 and 2009. He has been the Deputy Undersecretary of the Ministry of Development (SPO) since 2009. Mr. Ahmet Yaman has been a member of the Bank's Board of Directors since May 2nd, 2008 and Acting Chairman of the Board of Directors since May 12th, 2008.

**Hakan TOKAÇ****Member of the Board of Directors and Chairman of Corporate Governance Committee**

Born in Ankara in 1972, Mr. Hakan Tokaç graduated from the Faculty of Political Science, Department of Public Finance at Ankara University in 1994 and completed an MA degree from the University of Illinois in the United States. Beginning his professional career as an Assistant Superintendent at the Department of Foreigners of the General Directorate of Security in 1994. Mr. Tokaç served as Assistant Specialist at the 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 the Youth Programs Centre between 2004 and 2006 and as Manager of Strategy Development Department at the 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. Mr. Hakan Tokaç has been a member of the Bank's Board of Directors since May 1st, 2007 and Chairman of its Corporate Governance Committee since May 20th, 2011.

**İrfan TOKGÖZ****Member of the Board of Directors and Chairman of the Audit Committee**

Born in Acıpayam-Denizli in 1970, Mr. İrfan Tokgöz graduated from the Faculty of Political Science, Department of Public Finance at Ankara University in 1992; he went on to complete an MA degree 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 an Assistant Treasury Controller at the Undersecretariat of Treasury Board of Treasury Controllers between 1995 and 1998 and as Treasury Controller between 1998 and 2005. He was Chief Treasury Controller between 2005 and 2008 at the same agency and was the Deputy General Manager of General Directorate of Foreign Investments at the Undersecretariat of Treasury from 2008 to 2011. He has been serving as the Chairman of the Board of Treasury Controllers at the Undersecretariat of Treasury since 2011. Mr. İrfan Tokgöz became a member of the Bank's Board of Directors on May 2nd, 2008 and he has been the Chairman of the Audit Committee since May 21st, 2008.

Composition and operation of the Board of Directors of the Development Bank of Turkey and information on the number of meetings and resolutions in 2012:

The Board of Directors of the Development Bank of Turkey consists of seven members, six members elected in the AGM from among shareholders and the CEO. The Board of Directors serves for a term of three years. A member may be re-elected after the expiry 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. The Board of Directors holds the power to draft as many interim solutions as it requires. Interim resolutions require a unanimous vote. A majority of the members of the Board of Directors should be present in order to convene a meeting. In 2012, the Board of Directors convened 24 times and passed 233 resolutions, 30 of which were interim resolutions.



Şerif ÇELENK

Member of the Board of Directors and Vice Chairman of the Audit Committee

Born in Kilis in 1948, Mr. Şerif Çelenk graduated from the Faculty of Administrative Sciences, Department of Economics and Public Finance at Marmara University in 1973. Beginning his professional career at the Kilis Municipality in 1974, Mr. Çelenk served as Inspector and Manager at Pamukbank between 1979 and 1989 and as a Manager at Emlak Bank between 1990 and 2001, and at Ziraat Bank from 2001 to 2004. He has been a member of the Bank's Board of Directors since March 2nd, 2009 and the Vice Chairman of the Audit Committee since January 13th, 2012.



Metin PEHLİVAN

Member of the Board of Directors and General Manager (A.)

Born in Tosya-Kastamonu in 1969, Mr. Metin Pehlivan graduated from the Faculty of Political Sciences, Department of Business Administration at Ankara University in 1991. Beginning his professional career as an Assistant Inspector at İşbank in 1992, Mr. Pehlivan served as the Deputy Manager at the Department of Corporate Loans from 2000 to 2006, Group Head of Corporate Marketing between 2006 and 2007 and as the Manager at the Istanbul Karaköy Branch between 2007 and 2009. He has served as an Executive Vice President of the Bank since September 15th, 2009 and a member of the Board of Directors and Acting General Manager since March 15th, 2011.



Prof. Ahmet KESİK

Member of the Board of Directors and Vice Chairman of the Corporate Governance Committee

Born in Karapınar-Konya in 1965, Prof. Ahmet Kesik graduated from the Faculty of Political Sciences, Department of Economics at Ankara University in 1986 and completed an MA degree from the Western Illinois University in USA, going on to gain a PhD from the Faculty of Economics, Department of Public Finance at the Istanbul Technical University (ITU). He served as an associate professor in the area of finance at the Interuniversity Committee and earned his professorship in the field of Financial Theory at the Faculty of Political Sciences, Department of Finance at Yıldırım Beyazıt University on March 22nd, 2013. Beginning on his professional career as a Budget Controller at the General Directorate of Budget and Financial Control under the Ministry of Finance in 1987, Mr. Kesik served as the Department Head from 1997 to 2002 and as the Assistant General Manager from 2002 to 2006 in the same unit, and as the President of the Strategy Development Department at the Ministry of Finance between 2006 and 2013. He has been the Deputy General Manager of the Management Services Department at the Ministry of Development since November 2nd, 2012. Mr. Kesik has been a Board member at the Bank since May 15th, 2012 and the Vice Chairman of the Corporate Governance Committee since May 18th, 2012.



Zeki ÇİFTÇİ, Ph.D

Member of the Board of Directors and Member of the Audit Committee

Born in Çelikköy-Çanakkale in 1961, Zeki Çiftçi graduated from the Department of Electrical and Electronic Engineering at the Middle East Technical University in 1985. He completed his graduate degree in the same department and gained a PhD from the Department of Electronics Computer Education at Gazi University. Beginning his professional career as an Assistant Specialist at the Development Bank of Turkey in 1987, Çiftçi served as an Assistant Specialist/Specialist/Senior Specialist and Manager at the Development Bank of Turkey from 1987 to 2007 and as the Manager and Vice Chairman of the Information Technologies Department in the Grand National Assembly between 2007 and 2012. He has been working as an Assistant General Manager at the Turkish Radio and Television Corporation since 2012. Çiftçi has been a Board member at the Bank since May 15th, 2012 and a Member of the Audit Committee since May 18th, 2012.

Notes

*As set forth by our Bank's Charter Act No. 4456, Clause 12 (h) and our Bank's Articles of Association, Clause 10 (h), Executive Vice President Metin Pehlivan was appointed as Acting General Manager upon the approval of Respective Minister on March 15th, 2011, September 15th, 2011 and March 2nd, 2012.

*Mr. Özcan TENGİLİMOĞLU served as a Board member from May 2nd, 2008 to May 9th, 2012; and Mr. Mehmet AYDIN served as a Board member between March 2nd, 2009 and May 9th, 2012.

*Within the framework of the Capital Markets Board's Communiqué, Serial: IV and No: 56, Mr. İrfan TOKGÖZ, Mr. Zeki ÇİFTÇİ, Ph.D, and Mr. Şerif ÇELENK, who are members of our Bank's Audit Committee are recognized as Independent Board Members since February 22nd, 2013.

BOARD OF STATUTORY AUDITORS



Mustafa GÜNEŞ
Statutory Auditor

Born in Kaman-Kırşehir in 1969, Mr. Mustafa Güneş graduated from the Faculty of Political Sciences, Department of Public Finance at Ankara University in 1991. He served as Chief Revenue Controller of Revenues between 2003 and 2005, as Group Head between 2005 and 2007 and as Department Manager between 2007 and 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 30th, 2008.



Ferhat KARAŞ
Statutory Auditor

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



Davut KARATAŞ
Statutory Auditor

Born in Andırın-Kahramanmaraş in 1970, Mr. Davut Karataş graduated from the Faculty of Political Sciences, Department of Public Administration at Ankara University in 1990. Beginning his professional career as an Assistant Auditor at the Turkish Court of Accounts in 1992, Mr. Karataş worked as an Auditor between 1994 and 1997. In accordance with Law No. 3056, Clause 36, he was appointed as Officer at the Prime Ministry General Directorate of Laws and Decisions between 1997 and 2002. Mr. Karataş acted as Department Head at the Prime Ministry General Directorate of Laws and Decisions between 2002 and 2003, as Assistant General Manager from 2003 to 2008, as the Deputy General Manager from 2008 to 2009 and has served as the General Manager since 2009. Mr. Davut Karataş has been Statutory Auditor of the Bank since May 24th, 2010.

Departments in Internal Systems **

Fatih ŞAHİN
Head of Internal Audit

Born in Adıyaman in 1978, Mr. Fatih Şahin graduated from the Faculty of Political Sciences, Department of Public Administration at Ankara University in 1998. Beginning his professional career as an Assistant Tax Auditor at the Ministry of Finance in 1999, Mr. Şahin served as Assistant Inspector at the Ministry of Industry in 2000 and as an Inspector at Vakıf Bank between 2000 and 2012. He has been Head of the Internal Audit at the Bank since February 21st, 2012.

Ramazan KOYUNCUGİL
Manager of Internal Control

Born in Seydişehir, Konya in 1961, Mr. Ramazan Koyuncugil graduated from the Faculty of Economics and Administrative Sciences, Department of Business Administration at Atatürk University in 1983. Beginning his professional career as an Assistant Specialist at the Ministry of Tourism in 1983, Mr. Koyuncugil served as a Specialist from 1987 to 1995, as a Senior Specialist from 1995 to 1997, as a Manager between 1997 and 1998, as a Deputy Manager from 1998 to 2006 and as a Senior Specialist between 2006 and 2009. He has been Deputy Manager of Internal Control since October 13th, 2009 and Manager of Internal Control since March 15th, 2011.

Özkan ERDAL
Risk Monitoring Manager

Born in Kırıkkale in 1976, Mr. Özkan Erdal graduated from the Department of Mathematics at the Middle East Technical University (METU) in 1999. He completed an MA degree in the Department of Finance at Gazi University. Beginning his professional career at Ziraat Bank's School of Banking, Mr. Erdal served as specialist and manager in the Fund Management and Risk Management departments at Ziraat Bank. He joined our Bank in 2008 as Risk Monitoring Assistant Manager. He has been in the post of Risk Monitoring Manager since March 15th, 2011.

Notes

* As per the respective provision of the Turkish Trade Code no. 6102, the Board of Auditors term of office expired on March 31st, 2013.

** Mr. Murat DOĞUŞLU served as the Acting Chairman of the Inspection Committee between November 11th, 2010 and February 21st, 2012.



Left to Right: Zekai İŞILDAR, Adnan YALÇINCI, Metin PEHLİVAN, İrfan YAŞAR, Bahattin SEKKİN

Metin PEHLİVAN

Member of the Board of Directors and General Manager (A.)

Born in Tosya-Kastamonu in 1969, Mr. Metin Pehlivan graduated from the Faculty of Political Sciences, Department of Business Administration at Ankara University in 1991. Beginning his professional career as an Assistant Inspector at İşbank in 1992, Mr. Pehlivan served as the Deputy Manager at the Department of Corporate Loans between 2000 and 2006, as the Group Head of Corporate Marketing between 2006 and 2007 and as the Manager of the Istanbul Karaköy Branch between 2007 and 2009. He has been serving as an Executive Vice President of the Bank since September 15th, 2009 and a member of the Board of Directors and Acting General Manager since March 15th, 2011. Mr. Metin Pehlivan is currently in charge of the Legal Affairs, Loan Marketing, Human Resources and IT departments.

Bahattin SEKKİN

Executive Vice President

Born in Üçkuyu-Afyonkarahisar in 1956, Mr. Bahattin Sekkin graduated from the Faculty of Economics and Administrative Sciences, Department of Business Administration at Middle East Technical University, in 1980. Beginning his professional career as an Assistant Specialist at the Bank in 1981, Mr. Sekkin served as a Specialist between 1985 and 1990, a Senior Specialist in 1990, Assistant Manager between 1990 and 1997, Executive Vice President in 1997, Advisor to the General Manager between 1997 and 1998, Executive Vice President in 1998 and Advisor to the General Manager between 1999 and 2003. He was also employed as Executive Director at Betonsan AŞ between 1987 and 1988 and at Keban Holding Sodyum Bikromat AŞ in 1988 and as Executive Vice President at Turkish Saudi Investment Holding in 1993. Mr. Sekkin has been serving as an Executive Vice President at the Bank since August 22nd, 2003. Mr. Bahattin Sekkin is currently in charge of Technology Monitoring and Research, Corporate Communications and Training, Economic and Social Researches and Intelligence and Financial Analysis departments.

Adnan YALÇINCI

Executive Vice President

Born in Ankara in 1965, Mr. Adnan Yalçinci graduated from the Faculty of Economics and Administrative Sciences, Department of Public Finance at Dokuz Eylül University in 1987 and completed an MA degree from the Institute of Social Sciences at Gazi University. Beginning his professional career at the Regional Directorate of Forestry in 1986, Mr. Yalçinci worked for Türkiye Halk Bankası in 1988 and 1989. He later served as Assistant Specialist and Specialist at the Training and Organization Directorate, Research and Development Department and Organization Department of Ziraat Bank between 1989 and 2001. He served as the Administrator of Mamak/Ankara Branch and the Manager of the Centenary Branch of Ziraat Bank between 2001 and 2005. Mr. Adnan Yalçinci has been an Executive Vice President at the Bank since October 14th, 2005 and served as a member of the Board of Directors from 2008 to 2009. Mr. Yalçinci is currently in charge of the Loan Follow up and Collection, Financial Affairs and Budget departments.

Zekai İŞILDAR

Executive Vice President

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

İrfan YAŞAR

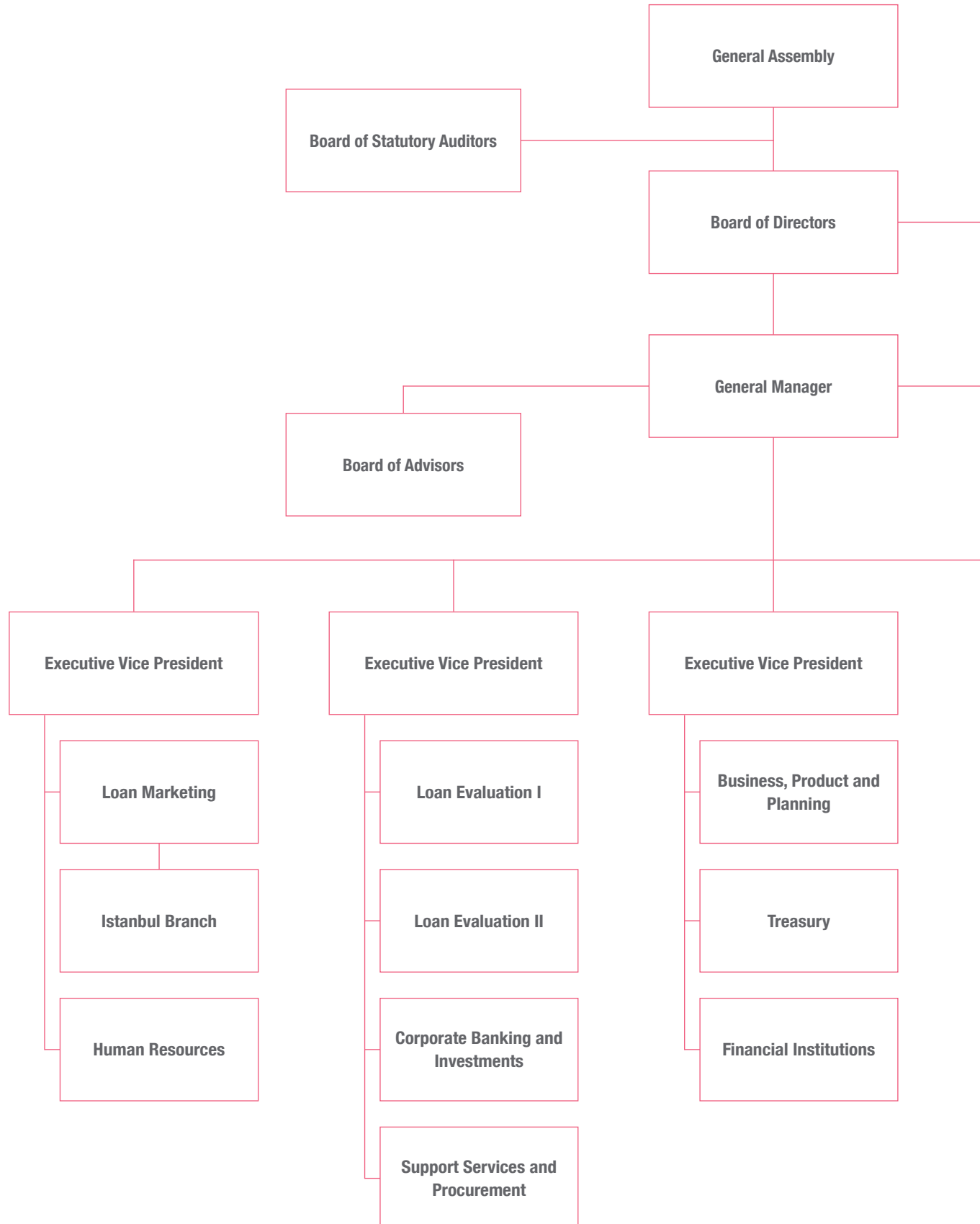
Executive Vice President

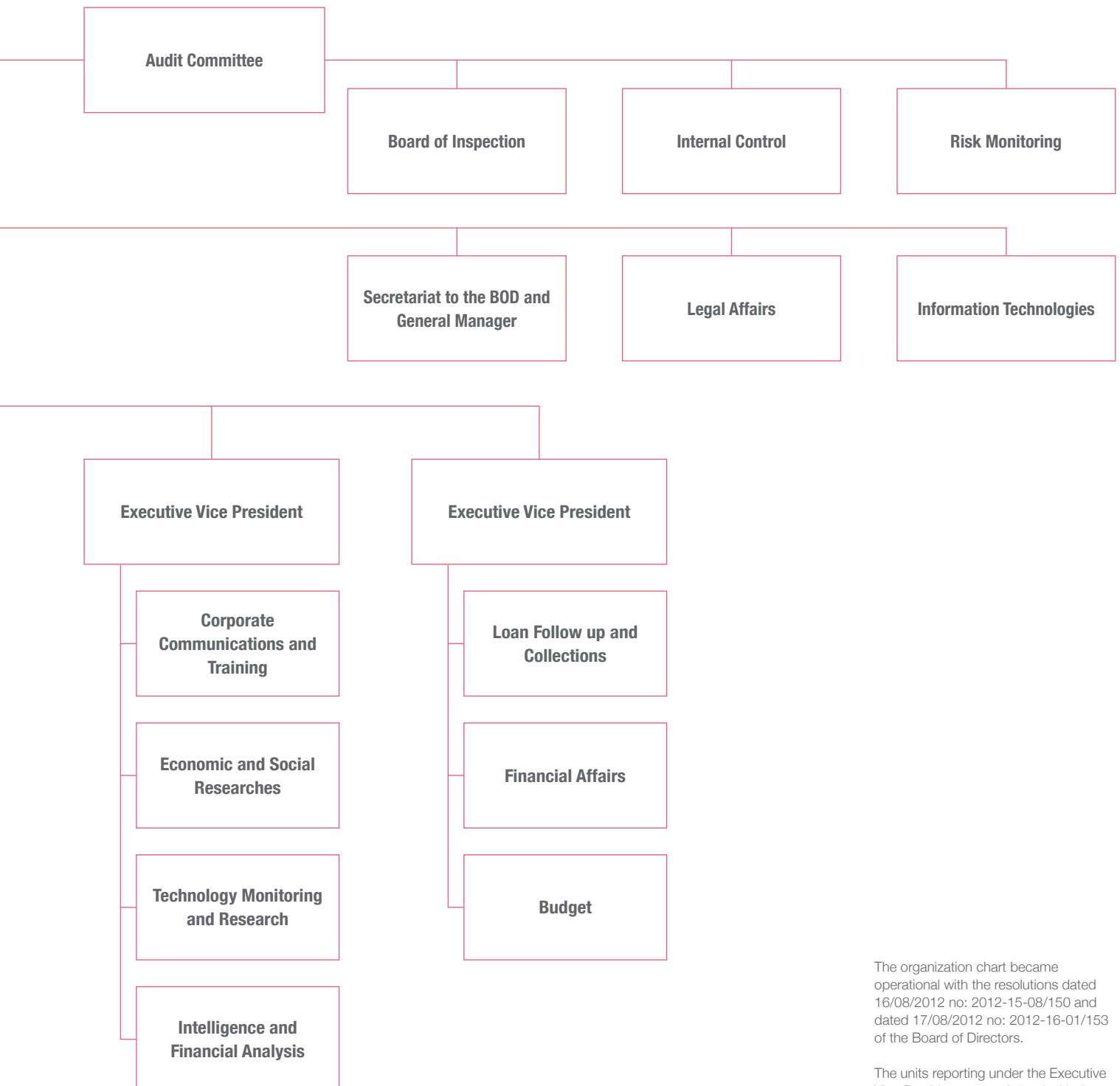
Born in Çubuk-Ankara in 1973, Mr. İrfan Yaşar graduated from the Faculty of Political Sciences, Department of Public Finance at Ankara University in 1997 and completed an MA from the University of Illinois in USA. Beginning his professional career as an Assistant Certified Bank Auditor on the Board of Certified Bank Auditors at the Undersecretariat of Treasury in 1998, Mr. 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 16th, 2009. Mr. İrfan Yaşar is currently in charge of Business, Products and Planning, Financial Institutions and Treasury departments.

Notes

* As set forth by our Bank's Charter Act No. 4456, Clause 12 (h) and our Bank's Articles of Association, Clause 10 (h), Executive Vice President Metin Pehlivan was appointed as Deputy General Manager upon the approval of Respective Minister on March 15th, 2011, September 15th, 2011 and March 2nd, 2012.

2012 ORGANIZATION CHART





The organization chart became operational with the resolutions dated 16/08/2012 no: 2012-15-08/150 and dated 17/08/2012 no: 2012-16-01/153 of the Board of Directors.

The units reporting under the Executive Vice Presidents were defined with the approval dated 29/02/2012 no: 2012-I-3242 of the General Manager's Office.

Audit Committee

The Audit Committee was formed following the Bank's Board of Directors' resolution no. 227 dated 31 October 2006 to execute audit/supervision 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 24 January 2007.

The Audit Committee was formed in accordance with Board of Directors' decision number 277 and dated 31 October 2006. İrfan TOKGÖZ, Şerif ÇELENK and Zeki ÇİFTÇİ, Ph.D, who are members of Board of Directors, were selected as the Audit Committee members with decision number 92 and dated 18th May 2012. İrfan Tokgöz was selected as the President of the Audit Committee and Şerif Çelenk was selected as the Deputy President of the Audit Committee by the Audit Committee's meeting number 2012/06 and dated 18th May 2012.

Board of Inspection, 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 met 14 times during the reporting period passed 66 decisions to be submitted to the Bank's Board of Directors.

Members of the Audit Committee and Their Primary Functions

Name	Title	Primary Function
İrfan TOKGÖZ	Audit Committee Chairman	Undersecretariat of Treasury, Head of the Board of Treasury Controllers
Şerif ÇELENK	Audit Committee Vice Chairman	Banking Professional
Zeki ÇİFTÇİ, Ph.D	Member	Turkish Radio and Television Corporation, Assistant General Manager

Corporate Governance Committee

The Corporate Governance Committee was formed with the Bank's Board of Directors' resolution no. 185 dated 15 June 2007 in accordance with the Regulation on the Bank's Corporate Governance Principles issued by the Banking Regulation and Supervision Agency (BRSA) and published in the Official Gazette issue 26333 dated 1 November 2006, and with the Corporate Governance Principles issued by the Capital Markets Board of Turkey (CMB). The Operating Procedures and Principles of the Corporate Governance Committee were put into effect by the Board of Directors' resolution no. 209 dated 24 July 2007; the operating procedures and principles of the said committee have been revised and transformed into the "Corporate Governance Committee Bylaws" by the Board of Directors resolution no. 283 dated 29 December 2011.

The function of the Committee is to work towards 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. Hakan TOKAÇ, who is a member of Board of Directors without executive duty, was selected as Corporate Governance Committee President, and Prof. Ahmet KESİK was selected as the Deputy President of Corporate Governance Committee on 18th May, 2012. The Corporate Banking and Investment Management acts as the secretariat of Corporate Governance Committee and arranged two meetings in 2012. Corporate Governance Committee is continuing to work toward improving the Bank's corporate governance practices.

Members of the Corporate Governance Committee and their Primary Functions

Name	Title	Primary Function
Hakan TOKAÇ	Corporate Governance Committee Chairman	Undersecretariat of Treasury, Deputy General Manager of Public Finance
Prof. Ahmet KESİK	Corporate Governance Committee Vice Chairman	Ministry of Development General Manager of Management Services (A.)
Metin PEHLİVAN	Member	Development Bank of Turkey, General Manager (A.)
Adnan YALÇINCI	Member	Development Bank of Turkey, Executive Vice President
İrfan YAŞAR	Member	Development Bank of Turkey, Executive Vice President
Zekai İŞILDAR	Member	Development Bank of Turkey, Executive Vice President
Hatice BAKIR	Member	Development Bank of Turkey, Human Resources Director
Serdar KABUKÇUOĞLU	Member	Development Bank of Turkey, Business, Product and Planning Director
Aydın TOSUN	Member	Development Bank of Turkey, Financial Affairs Director
Metin ÇINAR	Member	Development Bank of Turkey, Corporate Banking and Investments Manager
Esra CEYLAN	Member	Development Bank of Turkey, Budget Manager
Cem Cihangir ÜSTÜN	Member	Development Bank of Turkey, Information Technology Manager
Hakan KILDOKUM	Member	Development Bank of Turkey, Capital Markets Legislation Compliance Officer, Corporate Banking and Investments Assistant Manager

COMMITTEES

Loans and Participations Committee

Loans-Participation Committee was set up 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 Loans and Participations Committee carries out its activities in accordance with the Loans and Participations Committee Bylaws as revised by the Board of Directors resolution no. 283 dated 29 December 2011.

The Committee is chaired by the General Manager 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 2012, the Committee met 27 times and passed 107 decisions to be submitted to the Bank's Board of Directors.

Members of the Loans and Participations Committee and their Primary Functions

Name	Title	Primary Function
Metin PEHLİVAN	Chairman	General Manager (A.)
Zekai İŞILDAR	Vice Chairman	Executive Vice President
Bahattin SEKKİN	Member	Executive Vice President
Adnan YALÇINCI	Member	Executive Vice President
İrfan YAŞAR	Member	Executive Vice President
İlgili Birimler		Legal Affairs
		Loan Evaluation I Director
		Loan Evaluation II Director
		Loan Follow up and Collections Director
		Loan Marketing Director
		Intelligence and Financial Analysis Manager

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 various factors including current or potential economic developments, interest rates, maturity and currency.

Assets and Liabilities Management Committee was established by the Bank's Board of Directors resolution no. 213 dated 8 September 2008; the guidelines governing the operating procedures and principles of the committee were revised and was put in effect under the name "Assets and Liabilities Management Committee Bylaws" by the Board of Directors resolution no. 283 dated 29 December 2011.

The Committee is chaired by the General Manager and its members consist of Executive Vice Presidents. In the absence of the Chairman, the Executive Vice President of Financial Institutions Department chairs the meetings. Depending on the meeting agenda, the Chairman of the Committee may invite the related department directors or other personnel to attend the meetings. In 2012, the Committee met 15 times and passed 15 decisions to be submitted to the Bank's Board of Directors.

Members of the Assets and Liabilities Management Committee and their Primary Functions

Name	Title	Primary Function
Metin PEHLİVAN	Chairman	General Manager (A.)
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

Environmental Management Committee

As part of its Environmental Management Policy, Development Bank of Turkey aims to form, administer, improve, monitor and ensure corporate awareness about the Environmental Management System. To this end, the Environmental Management Committee pursues its activities under the Functions, Authorities, Responsibilities and Operating Procedures and Principles of the Environmental Management Committee as revised by the Board of Directors resolution no. 144 dated 20 May 2011.

The Committee consists of a total of seven members appointed by the General Manager, one of whom is the representative selected from among executive vice presidents or managers and two are representative assistants elected from among other personnel. The Committee met 12 times in 2012.

Members of the Environmental Management Committee and their Primary Functions

Name	Title	Primary Function
İbrahim SEVİN	Representative	Manager
İbrahim YILDIRIM	Representative Assistant	Assistant Manager
İlhan KALAYCI	Representative Assistant	Assistant Manager
Salih DEMİREL	Member	Senior Specialist
Meral YILDIZ	Member	Senior Specialist
Zeki AVŞAR	Member	Senior Specialist
Kurtay Kurtar ERBAŞ	Member	Senior Supervisor

Information Technology Committee

The Functions, Authorities and Operating Procedures and Principles of the Information Technology (IT) Committee was put in effect by the Development Bank of Turkey Board of Directors resolution no. 152 dated 30 June 2008; the guidelines governing the operating procedures and principles of the committee were revised and enforced under the name "Information Technology Committee Bylaws" by the Board of Directors resolution no. 273 dated 8 December 2011. 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. In 2012, the Committee met four times and passed four decisions to be submitted to the Bank's Board of Directors.

Members of the Information Technology Committee and their Primary Functions

Name	Title	Primary Function
Metin PEHLİVAN	Chairman	General Manager (A.)
İrfan YAŞAR	Vice Chairman	Executive Vice President
Adnan YALÇINCI	Member	Executive Vice President
Zekai İŞILDAR	Member	Executive Vice President
Bahattin SEKKİN	Member	Executive Vice President
Cem Cihangir ÜSTÜN	Member	Information Technology Manager

COMMITTEES

Compensation Committee

The BRSA's Regulation Amending the Regulation on the Banks' Corporate Governance Principles published in the Official Gazette issue 27959 dated 9 June 2011 obligates establishing a compensation policy that is aligned with the scope and structure of the Bank activities, its strategies, long-term goals and risk management structures, that prevents taking excessive risks, and that will contribute to effective risk management. The said Regulation also requires a review of the compensation policy at least on an annual basis by the Board of Directors to ensure efficiency of the compensation policy; setting up a compensation committee made up of at least two members for the purpose of monitoring and overseeing compensation practices on behalf of the Board of Directors, which committee will be required to evaluate the compensation policy and implementations with respect to risk management and submit its recommendations thereon in a report every year to the Board of Directors. Along the line, a Compensation Committee was formed with two non-executive Board members to evaluate the Bank's compensation policy and practices with respect to risk management and submit recommendations thereon to the Board of Directors by the Board of Directors resolution no. 272 dated 8 December 2011.

Members of the Compensation Committee and their Primary Functions

Name	Title	Primary Function
Ahmet YAMAN	Chairman	Ministry of Development, Deputy Undersecretary
İrfan TOKGÖZ	Member	Undersecretariat of Treasury, Head of the Board of Treasury Controllers
Şerif ÇELENK	Member	Banking Professional

Business Continuity Management Committee

In accordance with the Code of Banks Internal Systems, the Business Continuity Management Committee was formed in order to maintain and update the plans and procedures regarding business continuity policies. The Business Continuity Management Committee is also responsible for taking measures, tracking the efficiency of projects and implementing the necessary measures related to these plans and projects.

The Business Continuity Management Committee undertakes its operations in accordance with the ratified decision no. 48 and dated 14th March 2012 concerning the business continuity plan. The Committee meets to carry out its duty and responsibilities at least twice a year.

The Business Continuity Management Committee arranged two meetings in 2012.

Members of the Business Continuity Management Committee and Their Fundamental Duties

Name	Title	Primary Function
Metin PEHLİVAN	Chairman	General Manager (A.)
İrfan YAŞAR	Member	Assistant General Manager
Adnan YALÇINCI	Member	Assistant General Manager
Zekai İŞILDAR	Member	Assistant General Manager
Bahattin SEKKİN	Member	Assistant General Manager
Hatice BAKIR	Member	Human Resources Director
Abdüllazim ÖZDEMİR	Member	Support Services and Procurement Manager
Cem Cihangir ÜSTÜN	Member	Information Technology Manager

PRINCIPLES OF THE BANK'S PERSONNEL POLICY

The principles of the Bank's personnel policy are defined in the Personnel Bylaws; in this framework, the workforce need is fulfilled by recruiting and placing the individuals possessing the competencies and qualifications required by the relevant position using the appropriate assessment tools and methods, in line with the vision and mission specific to human resources.

The recruitment and promotion of Inspectors and Assistant Inspectors is carried out in accordance with the "Audit Committee Code", while the recruitment and promotion of Specialist and Specialist Assistant is carried out in accordance with the "Specialist and Specialist Assistant Recruitment, Adequacy and Promotion Principles Code", while the recruitment and promotion of other employees is performed in accordance with the "Personnel Code".

Moreover, internships and skill training programs are offered to both university and vocational high school graduates. The bank determines the career path and related issues of its personnel in accordance with Personnel Code and measures are carried out accordingly.

A total of 708 personnel were employed in different positions in the first half of 2012; this number had declined to 690 by the end of the year. In order to achieve future goals and increase the quality of its personnel, the Bank offers training programs. Furthermore, in a bid to carry the current experience and knowledge to the future, priority is given employing adequate and high quality specialist personnel.

Since the Bank's personnel are working under a contract statute, the Labor Contract is signed on annual basis.

Employees have the opportunity to work at a higher level in accordance with their performance.

Employees are provided with the Bank's regulations, studies of the departments, updated announcements and supplementary resources in an efficient manner through our website and in-house intranet site.

Furthermore, certain efforts are undertaken in order to increase the effectiveness and efficiency of our bank's operations.

The Bank aims to pursue and protect employee personal rights in accordance with the law and new policies.

The Bank aims to correctly apply the use of Right of Petition law no. 3071 and the Right to Information Act no. 4982.

The assessment of several applications will be carried out;

Informing the public regarding examinations prepared by the Bank through the press and the internet, and providing a written declaration of the result of the work carried out.

Proposing recommendations to improve employee's social and personal rights in the Banks' board of directors meeting with participation of bank representatives and employees with syndication membership, in accordance with Public Servants Labor Union's Law no. 4688.

There were 708 personnel at the end of 2011, of which 42 were working under a temporary contract. At the end of 2012, there were 690 personnel on the Bank's Payroll, of which 45 were working on temporary contracts.

The Bank has a branch office operating in Istanbul.

RELATED PARTY TRANSACTIONS

The Chairman and members of the Board of Directors, the General Manager 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 executives, directly or through a third person, nor is there any guarantee or collateral given in their favor.

AREAS OF ACTIVITY TO BENEFIT FROM SUPPORT SERVICES

In accordance with "The Code on Support Services for Receivables of Banks and Authorization of Support Service Foundation", Private Security Services and Steering Services were brought under Law no.5188 by the Bank.

1. Corporate Governance Compliance Declaration

The Development Bank of Turkey undertakes its operations in accordance with Law no. 4446 and other regulatory laws in this scope. All of the Bank's operations were realized publicly, with transparency and with accountability. The Bank undertakes the greatest care to comply with the Code related to the Determination of Corporate Governance Principle and Implementation Series: IV No: 56.

In this scope;

- A Corporate Governance Committee was formed and the Committee's operating procedures and principles were set out in a regulation.
- 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.
- Activities were meticulously carried out in relation to the Law on the Right to Information and applicable legislation.
- The Bank strives to continually improve its website for its effective use in sharing information with investors and shareholders.

SECTION I - SHAREHOLDERS**2. Shareholder Relations Unit**

On 2 March 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 Capital Markets Board Communiqué Series IV, no. 41 on Principles to be Complied with by Partnerships Governed by the Capital Markets Law and these duties are being carried out accordingly.

In 2012, five applications and information requests were processed and responded to.

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

Unit Manager: Metin ÇINAR, Ph.D

Phone: +90 312 425 32 05 / +90 312 418 3072

metin.cinar@kalkinma.com.tr

bankacilikyatirimlar@kalkinma.com.tr

Unit Assistant Manager: GÜLDOĞAN HANCIOĞLU

Phone: +90 312 425 32 05 / +90 312 418 30 72

guldogan.hancioglu@kalkinma.com.tr

bankacilikyatirimlar@kalkinma.com.tr

3. Exercise of Shareholders' Right to Obtain Information

In 2012, the Bank received five applications in writing from small shareholders requesting information regarding position of customer accounts with respect to Bank share certificates, exercise of pre-emptive rights and dividend payment; all of these were responded or referred to relevant units in writing or via electronic means 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 2012.

4. Information about General Assembly

The Ordinary General Assembly Meeting regarding the Bank's activities in 2011 was held on 09 May 2012 with the representation of 15,853,072,096.7 shares out of the 16,000,000,000 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 7787 dated 19 April 2012, and in the daily Dünya and Star newspapers on 19 April 2012 in accordance with the related legislation. In addition, the invitation was extended to the national media with a Press Bulletin issued on 09 May 2012 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, Dividend Distribution Offer of the Board of Directors, Statutory Auditors' Report and the Independent Audit Report for 2011 were made available at 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 2011 activities. 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 Office of the Vice Prime Minister that oversees it or legislative amendment in certain circumstances.

The minutes of General Assembly meetings and attendance sheets are published in the Trade Registry Gazette and can also be reached on the Public Disclosure Platform (KAP) website (www.kap.gov.tr) and the Bank's website (www.kalkinma.com.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. Entitlement to Dividends

There are no privileges in participating in the Bank's profit.

Pursuant to the Bank's Charter Act and Articles of Association that is available at the Bank's website; "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 the CMB's Communiqué Serial: VIII No: 54 on the 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 29 April 2009 and has been posted on the Bank's website since 1 May 2009.

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 pursuant to the CMB Communiqué Serial: IV No: 41. 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 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 structure and the Public Disclosure Form issued in accordance with the provisions of the CMB Communiqué on Principles of Public Disclosures by Intermediary Institutions are posted on the Bank's website.

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.

CORPORATE GOVERNANCE COMPLIANCE REPORT

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 2012, Pursuant to Law no. 4982 on the Right to Information and the Regulation on Procedures and Principles Regarding its Implementation, 26 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 20 January 2006, 26 applications that were directly related to the implementation of the Prime Ministry system were responded to via the Prime Ministry Communication Center (BIMER).

9. Company Website and Its Content

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

- Mission and Vision
- Text of the Charter Act and Articles of Association
- Management Structure
- Organization Structure
- Contact Information
- Corporate and Financial Information
- Annual Reports
- Periodic Financial Statement and Reports
- Corporate Governance Principles Compliance Report
- Material Event Disclosures
- Disclosure Policies
- Dividend Distribution Policy
- Information on General Assemblies
- Human Resources
- Social Responsibility Activities
- Queries for information
- The Bank's environmental policy and practices
- Announcements
- 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

Information may be accessed on the website in English at <http://english.kalkinma.com.tr/>.

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

10. Annual Report

Banks' annual reports include Corporate Governance Principles.

SECTION III - STAKEHOLDERS

11. 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 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.

12. Stakeholders' Participation in Management

There is no arrangement aimed at the participation of shareholders in the management.

13. Human Resources Policy

The principles of the Bank's personnel policy are defined in the Personnel Regulation; in this framework, the workforce need is fulfilled by recruiting and placing the individuals possessing the competencies and qualifications required by the relevant position, employing appropriate assessment tools and methods, in line with the vision and mission specific to human resources.

Key recruitment criteria have also been put into writing and are followed in the processes. In this context:

The recruitments and promotions of Auditors and Assistant Auditors are conducted pursuant to the provisions of the Board of Inspection Regulation; 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; while promotion of other personnel is performed according to the provisions of the Personnel Bylaws.

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 discussed and developed.

No complaints on account of discrimination have been received from the employees.

Performance and rewarding criteria were arranged under the Bank Personnel Code, and is transparent for all employees.

The efforts to arrange job definitions and work distribution are ongoing.

CORPORATE GOVERNANCE COMPLIANCE REPORT

14. Code of Ethics and Social Responsibility

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 13 April 2005. It became effective on this date and with the approval of the Head Office, dated 22 April 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.

The Bank is a signatory to the Banking Ethics Principles that were declared by the Banks Association of Turkey on 26 July 2006. Following the issuance of the Ethics Committee Application Form prepared by the said Association, necessary work will be undertaken for posting the form on the Bank's website and making necessary revisions.

There is no other code of ethics in place at the Bank that are formulated by the Board of Directors.

As Turkey's development bank, Development Bank of Turkey is fully cognizant of the importance of environmental awareness for achieving sustainable development. Being a state enterprise, the Bank assumes a socially responsible attitude in all of its activities and lending processes and attaches importance and priority to supporting renewable energy resources. Therefore, the Bank provides financing to renewable energy and energy efficiency projects, as well as industrial, tourism, healthcare and education sectors. To this end, Development Bank of Turkey participated in many fairs, congresses, conferences and workshops 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.

The Bank issued statements regarding energy and environmental issues on different platforms in an effort to raise awareness and accelerate development of the country in 2012, and provided training programs regarding the preparation of feasibility studies to Development Agencies. These training programs are especially focused on raising environmental awareness and increasing energy efficiency.

The Bank keeps a close eye on the technological advancements, new products and services in Turkey and in the world, and continued to create a databank on the same, while keeping on with its technical assistance and consultancy offering.

In this scope, the Energy Efficiency in Turkey (General Equilibrium in Energy and Renewable Energy) Report was prepared.

As an institution which finances sustainable development activities, the Development Bank of Turkey has aimed to apply the Environmental Management System and became the first public bank in Turkey to be awarded the related certificate from the Turkish Standards Institution (TSI) in 14th May, 2010. The Environmental Management System Certificate was approved in 2011 and 2012 following the relevant investigations conducted by the TSI.

As a requirement for the TSE-EN-ISO 14001 Standard, the statement of "Environmental experience is committed to be shared with shareholders" was added under Item 4.2 "Social Responsibility", in accordance with a decision taken by the Board of Directors.

The bank has arranged Environmental Management System Training programs to raise environmental awareness. To this end, a training aiming the awareness of the environment and erosion conducted by TEMA(The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitat) volunteer instructor to the Bank's kindergarten pupils has been realized.

A memorial forest was formed in 2010, and between September and December of 2012, with approximately 3,000 saplings planted.

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

SECTION IV - BOARD OF DIRECTORS

18. The Structure and Composition 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.

The Board of Directors is composed of seven members, six members elected by the General Assembly from among shareholders plus the General Manager. The Board of Directors includes three independent members as a requirement stipulated by the Capital Markets Board's Notification, serial IV No. 56, related to the Determination of Corporate Governance Principles and their Implementation.

Board of Directors (*)

Name	Title	Starting Date of Current Employment	Other Titles
Ahmet YAMAN	Chairman of the Board of Directors (A.) Pricing Committee Chairman	2 May 2008 8 December 2011	Ministry of Development Deputy Undersecretary
Hakan TOKAÇ	Member of the Board of Directors Corporate Governance Committee Chairman	1 May 2007 20 May 2011	Undersecretariat of Treasury Assistant General Manager of Public Finance
İrfan TOKGÖZ (**)	Member of the Board of Directors Audit Committee Chairman Pricing Committee Member	2 May 2008 18 May 2012 8 December 2011	Undersecretariat of Treasury Board of Treasury Controllers Chairman
Şerif ÇELENK (**)	Member of the Board of Directors Audit Committee Vice President Pricing Committee Member	2 March 2009 18 May 2012 8 December 2011	Retired Banking Professional
Prof. Ahmet KESİK	Member of the Board of Directors Corporate Governance Committee Vice Chairman	15 May 2012 18 May 2012	Ministry of Development Management Services General Manager (A.)
Zeki ÇİFTÇİ, Ph.D (**)	Member of the Board of Directors Audit Committee Member	15 May 2012 18 May 2012	Turkish Radio and Television Corporation, Assistant General Manager
Metin PEHLİVAN	Member of the Board of Directors General Manager (A.)	15 March 2011	

(*) In accordance with the decision taken in the Board of Directors' meeting on 9th May 2012, Şerif ÇELENK was re-elected; Mehmet AYDIN and Özcan TENGİLİMOĞLU were replaced with Prof. Ahmet KESİK and ve Zeki ÇİFTÇİ, Ph.D.

(**) Independent members are İrfan TOKGÖZ, Şerif ÇELENK ve Zeki ÇİFTÇİ, Ph.D.

A biography of Board of Directors is included in the Board of Directors section in the annual reports.

There is no limit imposed on having additional titles outside the Bank for members of the Board of Directors.

Board of Auditors***

Name	Title	Starting Date of Current Employment	Other Titles
Mustafa GÜNEŞ	Member of the Board of Auditors	30 April 2008	Ministry of Finance Revenue Administration, Vice President
Ferhat KARAŞ	Member of the Board of Auditors	28 January 2010	Office of the Prime Ministry Board of Inspection, Vice President
Davut KARATAŞ	Member of the Board of Auditors	24 May 2010	Prime Ministry Director General of Laws and Decrees, General Manager

Notes

***As per the respective provision of the Turkish Trade Code no. 6102, the Audit Committee's term of office expired on March 31st, 2013.

CORPORATE GOVERNANCE COMPLIANCE REPORT

16. Working Principles of the Board of Directors

It is stated that the Board of Directors shall arrange at least two meetings per month and 24 meetings per year with an electoral quorum, and decisions will be taken with a unanimity of votes without abstention vote; in the event of a split votes, the chairman's vote will count as two votes in accordance with Law no. 4456, under the Main Contract. No member of the Board of Directors has the right to veto.

The Private Secretary and Board of Directors Office Management are responsible for informing the Chairman and members of Board of Directors. While the agenda of the meeting is determined by the Chairman and the General Manager, the date is determined by the Chairman.

Files prepared according to the agenda are conveyed to members by the Private Secretary and the Board of Directors' Office Management. The decisions taken in the meetings are recorded in accordance with legislation, and dissenting votes are recorded in the minute book with their justification.

The Chairman is responsible for the physical attendance of the Board of Directors in meetings.

Board of Directors of the Bank met a total of 24 times in 2012 and has taken 223 decisions, 30 of which are interim decisions.

17. 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 31 October 2006 in order to assist the Board of Directors in conducting its audit and oversight activities.

The Board of Directors assigned İrfan TOKGÖZ, Şerif ÇELENK and Zeki ÇİFTÇİ, Ph.D, who are members of the Board of Directors, as the Audit Committee members in accordance with decision number 2012-09-05/092 and dated 18th May 2012. İrfan Tokgöz was elected as the Chairman of the Audit Committee and Şerif Çelenk was elected as Vice Chairman of the Audit Committee in the Audit Committee meeting numbered 2012/06, dated 18th May 2012.

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 24 January 2007. The secretarial tasks of the Committee are carried out by the Private Secretariat and Board of Directors' Office.

The Committee met 66 times and passed 14 decisions in 2012..

Chairman	İrfan TOKGÖZ
Vice Chairman	Şerif ÇELENK
Member:	Zeki ÇİFTÇİ, Ph.D

Corporate Governance Committee

Corporate Governance Committee was formed with the Bank's Board of Directors' resolution no. 185 dated 15 June 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 1 November 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 Bylaws were put in effect by the Board of Directors resolution no. 209 dated 24 July 2007 and then transformed into the Corporate Governance Committee Bylaws by the Board of Directors decision no. 283 dated 29 December 2011; the Committee conducts its activities within this framework.

At the Board of Directors meeting of 18 May 2012, Hakan Tokağ, a non-executive member of the Board of Directors was elected as the Chairman of the Corporate Governance Committee and Prof. Ahmet KESİK, also a non-executive member of the Board of Directors, was elected as the Vice Chairman of the Committee.

The secretarial tasks of the Corporate Governance Committee are performed by the Corporate Banking and Investments Department. The Corporate Governance Committee met two times during 2012. Corporate Governance Committee is continuing to work toward improving the Bank's corporate governance practices.

Chairman:	Hakan TOKAÇ
Vice Chairman:	Prof. Ahmet KESİK
Members:	Executive Vice Presidents managing the departments participating in the committee.
	Human Resources Director
	Financial Affairs Director
	Business, Product and Planning Director
	Corporate Banking and Investments Manager
	Budget Manager
	Information Technology Manager
	Capital Markets Legislation Compliance Officer (pursuant to the Capital Markets Board Communiqué Serial: IV No: 41)

Compensation Committee

The BRSA's Regulation Amending the Regulation on the Banks' Corporate Governance Principles published in the Official Gazette issue 27959 dated 9 June 2011 obligates establishing a compensation policy that is aligned with the scope and structure of the Bank activities, its strategies, long-term goals and risk management structures, that prevents taking excessive risks, and that will contribute to effective risk management. Moreover, the Board of Directors is responsible for revising these policies, establishing a pricing committee which is responsible for assessing pricing policies, creating recommendations in this area and preparing a report to the Board of Directors.

In this scope, the Pricing Committee is formed to implement the duties mentioned above in accordance with the Board of Director's decision number 272 and dated 8th December 2011.

Chairman:	Ahmet YAMAN
Member:	İrfan TOKGÖZ
Member:	Şerif ÇELENK

Because of the number of committees formed and the number of non-executive Board members; one member have to participate more than one committee.

18. Risk Management and the Internal Control Mechanism

Internal control, internal audit and risk management activities are conducted in accordance with the BRSA's "Code of Banks Internal Systems", which was declared on 28th June 2012.

The Audit Committee, which is formed of three members of Board of Directors without executive duty, is responsible for maintaining the efficiency and adequacy of internal systems, the completeness of information provided from the auditing and reporting systems, the pre-evaluation of ratings, assessment and support services, the regular tracking of these agencies' activities, maintaining the subsidiaries' internal auditing actives and the consolidation of the process.

The Audit Committee reports the activities and results of these activities carried out by the Inspection Council Presidency, the Internal Control Management and Risk Monitoring Management to the Board of Directors.

The Inspection Council Presidency continues its annual auditing activities in line with the internal audit plans confirmed by Board of Directors. The Inspection Council Presidency also reports the operational results to Board of Directors through the Audit Committee every three months.

The Internal Control Management prepares a monthly report of the results of its operations which is submitted to the Audit Committee, the General Manager and the Inspection Council Presidency.

Risk Monitoring Management prepares daily, weekly and monthly reports on the risk that the Bank has been exposed to and related analysis, along with an analysis of the potential risk that the Bank is likely to face. Quantitative risks arising from banking operations and the realized figures, in line with the Board of Directors' confirmed limitations, are reported in a monthly "Report of Monitoring Risk Limits" publication. These reports are submitted to the Audit Committee, the Board of Directors, Active-Passive Management, Higher Management and other related units. As such, both executive and auditing mechanisms are informed of the risks.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Risk Monitoring Management, in the scope of legal reporting, undertakes capital adequacy ratio calculations in accordance with Basel II criteria and conveys these to the BRSA. Furthermore, the Interest Rate Standard Ratio Arising from Banking Accounts is calculated and reported to the BRSA.

The general principle of the Bank's risk policies are specialization in the areas determined by Foundation Legislation in accordance with the Bank's vision and mission, taking the risk that can be defined, controlled and/or managed, and avoiding other risks that do not stem from their own operations. In this scope, the risks to be taken should be defined and controllable. Additionally, the Bank undertakes efforts to measure the current and potential risks and their possible effects.

The risk management is carried out under different committees determined by their operational areas. While the Active-Passive Management Committee determines the general policies concerning the Bank's current assets and foreign exchange exposure, the Credit Participation Committee determines the relevant credit risk policies.

19. The Company's Strategic Position

Law No. 4456 regulating the establishment of the Bank defines the objectives and scope of the Bank as follows: "With the aim of promoting Turkey's development, to grant loans to enterprises incorporated as joint stock companies, to provide them with financial and operational support by participating in them, to channel both domestic and foreign savings into investments bearing the potential to provide a contribution to the development of the country, to contribute to the development of the capital markets, to finance domestic, foreign and international joint investments, and to carry out all functions of development and investment banking."

The Bank's mission and vision adopted by the Board of Directors' decision no. 211 and dated 8th September 2011 are set out on the Bank's website.

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

The Bank's activities are arranged, in the form of tables, on the basis of the rate of attainment of the objectives and the past performances. These tables are provided in monthly and annual reports, and in annual work programs, and the annual budgets that are submitted for the consideration of the Board of Directors. The annual reports, work programs and the budget are submitted to the Board of Directors for the approval. In addition, the Bank's Board of Directors also monitors the attainment levels of these objectives together with the activities past performance, and evaluates them every six months.

20. Financial Rights

The remuneration of members of the Board of Directors is determined by the General Assembly; with there is no additional compensation provided.

However, personnel credits are made available to members of the Board of Directors in accordance with the rules applicable for the Bank's personnel as prescribed by the Personnel Loan Regulation. There is no credit, debt record or bail concerning any board member or post-holder whether directly or through a third party, other than the credits stated above.

According to Establishment Law no.4456, item 15, the pay and other financial and social benefits of Bank personnel are determined by decisions taken by the Council of Ministers after proposals are put forward by the General Manager, and confirmation by the Board of Directors and State Personnel Presidency. In addition, the Bank personnel were paid a bonus equivalent to one month's salary in January, April, July and October, in line with working days. However, the monthly average sum of the salary which is an average of all the payments done under the name of salary, social benefits, pay rises, amends, subventions and others (including the portion of the bonus corresponding to one month, excluding Board of Directors membership compensation) can not exceed the upper limit determined by the Higher Planning Council.

The Development Bank of Turkey increased its net profit by 84% in 2012.

As the only publicly owned development bank in Turkey, the Development Bank of Turkey was founded in 1975. With more than 37 years of experience in the field of development banking and in providing long-term resources, the Development Bank of Turkey continues to contribute to the “financing of Turkey’s development and growth”.

The Bank’s total assets reached TRY 2.8 million during 2012.

As a result of the contributions to the real economy, the Bank’s credit stock increased by 21.3% to reach TRY 2,254 million in 2012. The share of loans in total assets in 2006 that was 37.7 % reached to 78.5% as of the end of 2012. According to the BRSA, this share stood at 57.99% for overall banking sector, and 57.79 for development and investment banks.

The Net profit of the Development Bank of Turkey significantly increased by 84% to reach TRY 43.6 million in 2012. The overall banking sector achieved a 19.2% increase in net profit while development and investment banks notched up a 23.8% increase in net profit during 2012.

Our Bank’s return on equity reached to 7.6% in 2012, while our net interest income increased to TRY 113,6 million along with the increase in our asset volume. The Development Bank of Turkey has obtained an operating income of TRY 199,7 million arising from its 2012 operations including loans, securities and provisions and accordingly a net operation income of TRY 139 million and our pre-tax profit with an increase of 71% reached to TRY 55 million.

The Development Bank of Turkey has been supporting the renewable energy and energy efficiency sectors in Turkey since 2005, in view of the fact that Turkey’s energy imports amount to around USD 50 billion per year. In this concept our bank decided to focus on energy sector and during the past seven years, renewable energy and energy efficiency projects represented more than the half of our loan portfolio. In this scope, a loan allocation of TRY 3,1 billion for 94 projects with a total installed capacity of 1,387 MW has been realized.

Another focus of our Bank, is the SMEs constituting the backbone of the economy. In 2012 the Bank continued its support to SMEs within the concept of retail banking. As of 2012, 7 apex programs with different themes has been completed successfully and with the allocation of an amount of approximately USD 224 million resource to 618 firms, the Bank enabled the employment of 7000 people.

With its strong and deeply rooted experience in project evaluation, the Development Bank of Turkey evaluates investments based on the principles of efficiency and productivity. The Bank with its long term debt structure solves its clients’ project finance needs with proper maturity structuring.

We are thankful to our shareholders for their support and contributions.

Development Bank of Turkey

Board of Directors

EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting (EGM) was held on 29 May 2013 with the representation of 15,893,045,312.7 shares out of the 16,000,000,000 shares and the participation of media representatives. The invitation to shareholders to attend the EGM was announced in issue 8275 of the Turkish Trade Registry Gazette, dated 11 March 2013, and in the Dünya and Star newspapers on 9 March 2013, in accordance with the related legislation.

In the Extraordinary General Meeting;

- In accordance with the Principles and Procedures for Joint-Stock Company's General Assembly Meetings published in the Official Gazette dated 28 November 2012, and numbered 28481 and the Code regarding the Representatives of Ministry of Customs and Trade participating to meeting, Internal Directive of Development Bank of Turkey's General Assembly Working Principles and Procedures,
- In accordance with item 6102 of the Turkish Commercial Code, the decision of the independent auditor's report for 2013, prepared by DRT Independent Audit and Independent Accounting and Financial Advisory

were voted and accepted by a majority vote.

The minutes of Extraordinary General Meetings are published in the Trade Registry Gazette and can also be accessed on the Public Disclosure Platform (KAP) website (www.kap.gov.tr) and the Bank's own website (<http://english.kalkinma.com.tr/>).

STATUTORY AUDITORS' REPORT

TO THE 2012 ORDINARY GENERAL ASSEMBLY OF DEVELOPMENT BANK OF TURKEY

Development Bank of Turkey, 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 the Statutory Auditors of the Bank, after examining the accounts and transactions of the Bank between 1 January 2012 and 31 December 2012.

During the reporting period, 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 Bank's balance sheet drawn up as of 31 December 2012, 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.

The accounts and transactions of the Bank for the period between 1 January 2012 and 31 December 2012 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.

When the records and transactions pertaining to the Bank's financial statements were evaluated together with the Independent Audit Report, it was determined that The Bank's financial statements are drawn up in compliance with Turkish Accounting Standards with respect to the Regulation on Procedures and Principles Regarding the Banks' Accounting Practices and Preservation of Documents, and the Communiqué on the Financial Statements to be Announced to the Public by Banks as well as Explanations and Footnotes Thereof and the other regulations, commune and circular prepared by the BRSA.

Consequently, as Statutory Auditors, we have determined that the transactions performed are also consistent with the Independent Audit Report.

We have reached the view that financial statements, operating results, accounts and transactions of Development Bank of Turkey for the period between 1 January 2012 and 31 December 2012 are in compliance with accounting principles and standards and related legislation, and that they present a true and fair view of the actual situation.

We kindly submit the Bank's financial statements for your approval, and release the Board of Directors from their liability. 15/03/2013

STATUTORY AUDITORS



Davut KARATAŞ



Ferhat KARAŞ



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

The Bank's 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. 28337 dated 28 June 2012. The Board of Inspection and Internal Control and Risk Monitoring Departments, which are part of the internal systems, report to the Board of Directors; this reporting line runs via the Audit Committee at the Bank.

The membership of the Board of Directors was reconstituted at the 2011 Ordinary General Assembly Meeting. Three of these members without executive duty - İrfan TOKGÖZ, Şerif ÇELENK and Dr. Zeki ÇİFTÇİ - were selected as members of the Audit Committee following a decision taken by the Bank's Board of Directors dated 18th May, 2012. İrfan TOKGÖZ, Şerif ÇELENK and Zeki ÇİFTÇİ served with the respective titles of Audit Committee Chairman, Audit Committee Vice Chairman and Member of the Audit Committee during 2012.

Regulations pertaining to the Internal Systems of the Banks, the 7th item of the Audit Committee's Authority and Responsibility state that "the Audit committee is responsible for reporting the operations which are executed by itself and the results thereof, the measures to be taken and other issues which are required to be implemented such as to ensure banking activities in safety to the Board of Directors, at least once every six months". In accordance with this regulation, the Board of Directors accepted the reports pertaining to second half of 2011 and the first half of 2012. Note that the Internal Control Management is responsible for tracking the duties and processes included in the mentioned reports.

The Board of Directors assented the "Audit Committee Regulations", "Internal Control Regulations", "Internal Control Implementation Principles", "Risk Monitoring Unit Regulations", "Risk Management Strategies, Policies and Implementation Principles", "Risk Limits and Implementation Principles" which were revised by BRSA within the scope of the Regulations on Banks Internal Systems in 2012.

The operations executed by the units connected to the Audit Committee were tracked, while reports and suggestions regarding them were assessed and the summary of these activities for the period of 2012 is presented below.

Activities of the Internal Control Department:

The monthly activity reports that are drafted by the Internal Control Department as a result of the inspections it performs at departments that are especially reflected in the financial reports were discussed and evaluated at the Audit Committee meetings.

The Internal Control Department immediately communicates the errors and deficiencies (if any) it identifies during the course of its control activities to the related departments, ensures their correction before the financial reports are issued, and tries to take necessary measures in coordination with the related departments to prevent recurrence of the same errors.

The activities of the related departments are reported to the Audit Committee, to the General Manager and the Board of Inspection on a monthly basis. The Department issued 12 Internal Control Activity Reports during 2012.

Main Operations conducted by Board of Inspection:

The Bank's internal audit activities are conducted by the Board of Inspection.

The quarterly activity reports on the activities conducted by the Bank's Board of Inspection are submitted to the Audit Committee. After the approval of the reports by the Board of Directors, the reports are submitted to the BRSA.

Nine Inspection Reports with the Responses, Banking Processes and Information System Report, two Reports of Investigation and one Survey Report were issued by the Board of Inspection during 2012.

Activities of the Risk Monitoring Department:

Risks that the Development Bank of Turkey is currently or potentially exposed to are monitored by the Risk Monitoring Department on a daily basis via the "Daily Report", on a weekly basis via the "Weekly Report", and on a monthly basis via the "Risk Analysis of Development Bank of Turkey Based on Selected Indicators and Risk Groups" report and the "Risk Limits Monitoring Report".

The Daily Report contains summarized balance sheet, analyses of exchange risk and interest rate risk, and actualizations of limits that are monitored on a daily basis. The Weekly Report covers domestic and overseas macroeconomic developments and actualizations of limits that are monitored on a weekly basis. The Risk Analysis of Development Bank of Turkey Based on Selected Indicators and Risk Groups report includes analyses of liquidity risk, exchange risk, maturity risk, credit risk and interest rate risk. The Risk Limits Monitoring Report contains actualizations of limits that are defined by quantifiable risks and approved by the Board of Directors. The monthly reports prepared by the Department are presented to the Board of Directors, Assets and Liabilities Management Committee, senior management and related departments after they are discussed by the Audit Committee.

The Capital Adequacy Ratio calculation, performed in accordance with Basel II criteria, has been conducted by the Risk Monitoring Management Department and reported to the BRSA since July 2012.



Zeki ÇİFTÇİ, Ph.D.
Member of the Audit Committee



Şerif ÇELENK
Vice Chairman of the Audit Committee



İrfan TOKGÖZ
Chairman of the Audit Committee

RISK MANAGEMENT POLICIES

The general principles of the Bank's risk policies consist of specializing in areas of business that are consistent with its function, vision and structure established by the Charter Act; in this regard, it is the general principle to take only those risks that can be identified, controlled and/or managed, and try to avoid taking risks other than those that naturally arise due to the nature of its activities and are unavoidable. 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 and the Bank continues to do so in the future as well. In accordance with article 37 of the Regulation on the Banks' Internal Systems that was issued by the BRSA, the Bank establishes written limits that arise as a natural consequence of its activities; these risk limits are approved by the Board of Directors.

Credit Risk Management Policies

Credit risk is the probability of loss resulting from a client of the Bank being unable to fulfill their obligation, either partially or completely, as stated in the contract with the Bank. The Bank, in accordance with BRSA regulations and limitations, manages the credit risk with regard to the best options for credit volume, qualification and complexity.

The Bank defines measures and manages loan risk as well as all products and activities which bear credit risk.

In relation to credit risk management, credit volume, qualification and complexity is measured, monitored and analyzed with stress test and scenario analysis and the process and the results are reported to the Audit Committee and the General Manager. The assessment of new products and services in terms of credit risk is a requirement.

The conforming of credit decision support systems with the Bank's operational structure, size and complexity is constantly examined, developed and regulated by Board of Directors.

The management of credit risk, such as to sustain a capital adequacy standard ratio above minimal level, is essential and determined by the regulations.

Credit risk is monitored not only in terms of clients and firms but also with regard to the total credit portfolio and the composition thereof. Credit risk is monitored and managed in terms of sector, maturity, collateral, region, currency and type of credit. The Bank's credit risk management policy requires diversification of the credit portfolio.

The financial data of the parties which used credits, suspended credits or restructured credits from the Bank is tracked on a regular basis until maturity. Firms bearing relatively high levels of risk, or those for which a physical site visit is required, are examined by the Bank. As a result of the examinations and assessments, a monitoring report with developed suggestions is prepared. The Bank continues to undertake this policy on non-performing loans.

Market Risk Management Policy

The Bank is exposed to market risk as a result of its operations due to volatility in exchange rates, interest rates and share prices. The amount of exposure to market risk is calculated by the standard method and reported to the legal authority as stated in "Regulation on Banks' Capital Adequacy Measurement and Evaluation".

Exchange Rate Risk Management Policy

As a result of operations which involve the use of foreign currencies, the Bank is exposed to currency risk stemming from the Bank's net foreign exchange position in its assets and liabilities.

The Bank's exchange rate risk management policy is determined regarding financial situation of the Bank, economic developments and market trends and also profitability and efficiency in accordance with "Foreign Exchange Net Overall Position/Equity Standard Ratio" determined by the regulations. In addition to complying with these policies, the Bank also utilizes the opportunities offered by the Assets and Liability management.

To ensure the required exchange rate risk management mentioned as set out above, hedging by forward contracts, futures and swaps is used under necessary conditions.

Management Policy of Interest Rate Risk Arising from Banking Accounts

Interest rate risk is the probability of loss arising from changes in interest rates and the Bank's financial position. Interest rate risk arising from bank accounts includes repricing risk, yield curve risk, base risk and option risk. Interest rate risk is managed by the Asset and Liability Management Committee in the Bank.

The main aim in interest risk management is to minimize the maturity mismatch in Bank's balance sheet in order to avoid the effects arising from volatility in interest rates. In this scope, interest sensitive assets are managed through portfolio optimization, duration, interest rate expectations, alternative yield and commensurable loss. Compliance with the limits in interest risk management is a requirement accepted by the Board of Directors.

Liquidity Risk Management Policy

Liquidity risk represents the probability that the Bank's cash flow requirements, either predictable or unpredictable, cannot be met adequately without affecting daily operations or the financial structure, and that the Bank records losses.

In addition, liquidity risk can be interpreted as the risk facing the Bank in the event that a position cannot be closed or balanced due to a lack of market debt or high volatility, and as a result probability of recording losses.

The main policy regarding liquidity risk is to employ an active structure which fulfills all obligations under all circumstances. As a specialized bank, the Bank's liquidity requirements are more observable when compared to other commercial banks, and this provides the Bank with regular cash flow.

The types of asset and liabilities, maturity structure, and interest rate all comply with the decisions of the Assets and Liabilities Management Committee and the Bank performs a policy regarding liquidity ratios and risk limits determined by the regulations.

In order to manage liquidity risk, cash flows are forecasted by using predictable data with regard to the maturity structure of the Bank's Assets and Liabilities. It is essential to complete the placement of excess liquidity as an alternative yield or to meet liquidity requirement with minimum costs.

Besides, monthly proforma cash flows and balance sheet durations are monitored to anticipate probable risks for mid and long term liabilities.

RISK MANAGEMENT POLICIES

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.

Counterparty Credit Risk Management Policy

Counterparty credit risk is the default risk of the counterpart in the transaction before the last obligatory payment.

The bank takes precautions against credit risk arising from the counterparties, such as over counter derivative transactions.

Concentration Risk Management Policy

Concentration risk includes the risks arising from concentration of credits in certain sectors or regions, concentration risk resulting from concentration of deposits and other financial resources, operational risk, operational concentration risk stemming from concentration of certain processes and technology systems operational loss, market concentration risks arising from the concentration risk of general market risk, stock market risk and exchange rate risk.

The Bank continues its operations by taking concentration risk into account. When the increase in concentration risk is examined, measures are taken to decrease it to an acceptable level.

ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND DEBT SERVICING CAPABILITY

Financial data regarding the Bank's financial position as of 31 December 2012 is presented in the tables below in a comparative format with the respective financial data from 31 December 2011.

(TRY million)	December 2011	December 2012	Change (Value)	Change (%)
Total Assets	2,793.8	2,870.1	76.3	2.7
Total Assets (US\$ million)	1,493.9	1,617.6	123.7	8.3
Loans	1,859.2	2,254.4	395.2	21.3
Foreign Resources	2,264.9	2,293.2	28.3	1.2
Shareholders' Equity	528.9	576.9	48.0	9.1
Free Capital	408.8	442.7	33.9	8.3
Total Income	157.1	200.8	43.7	27.8
Total Expenditures	124.9	145.7	20.8	16.7
Provision for Taxes	8.4	11.5	3.1	36.9
Profit/Loss	23.8	43.6	19.8	83.2

*Free Capital=Shareholders' Equity – (Subsidiaries+Affiliated Companies+Fixed Assets+Non Performing Loans (Net)+Deferred Tax Asset+Prepaid Expenses)

The total assets of the Development Bank of Turkey increased slightly during 2012, from TRY 2,793.8 million at the end of 2011 to TRY 2,870.1 million at the end of 2012. Total lending, which amounted to TRY 1,859.2 million at the end of 2011 increased by 21.3% to reach TRY 2,254.4 million at the end of 2012. As the rate of growth in loans increased at a rate far in excess of the rate of growth in assets, the share of loans in total assets increased from 66.5% at the end of 2011 to 78.5% at the end of 2012.

The increase in credit volume was largely a result of long term loans provided from foreign financial institutions. Credits obtained increased by 28.1%, from TRY 1,639.9 million at the end of 2011 to TRY 2,101.0 million at the end of 2012. Shareholder's equity increased by 9.1% to reach TRY 576.9 million in 2012.

Total income increased by 27.8% to reach TRY 200.8 million, while total expenditures increased by 16.7%, reaching TRY 145.7 million in 2012. The Net Profit for the year increased by 83.2%, from TRY 23.8 million in 2011 to TRY 43.6 million in 2012.

In the banking sector, the methodology for calculating capital adequacy was changed and the Basel II regulations for reporting were adopted in 2012. Due to this change in methodology, the volume of risk-weighted assets increased and the Capital Adequacy Ratio ended the year 2012 at 25.2%.

Composition of Assets (%)	December 2011	December 2012
Cash Balances and Central Bank	0.0	0.0
Securities at Fair Value through Profit or Loss	2.3	0.0
Banks and Other Financial Institutions	5.5	9.1
Money Markets	0.0	4.7
Available for Sale Marketable Securities	21.4	3.2
Loans	66.5	78.5
<i>Non-Performing Loans (net)</i>	1.7	1.7
Securities Held to Maturity	1.3	1.0
Subsidiaries and Affiliates	0.5	0.7
Tangible Fixed Assets	1.7	1.9
Other Assets	0.8	0.9
Total	100.0	100.0

ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND DEBT SERVICING CAPABILITY

As in previous years, the Bank's total asset volume increased due to the increase in credit volume; hence, the share of loans in total assets increased from 66.5% in December 2011 to 78.5% at the end of 2012. The bank continued to support investors even throughout the global crisis; and thanks to its active credit policy, the Bank recorded one of the highest rates of growth in its credit volumes of any of the banks.

Total Loans (TRY million)	December 2011	December 2012
Loans	1,859.2	2,254.4
Non-Performing Loans (Gross)	94.7	97.2
Loan Provisions (-)	46.4	49.2
Non-Performing Loans (Net)	48.3	48.0

Asset Quality (%)	December 2011	December 2012
Loans/Total Assets	66.5	78.5
Non-Performing Loans (Net)/Total Assets	1.7	1.7
Non-Performing Loans (Net)/Total Loans	2.6	2.1
Loan Provisions / Non-Performing Loans	49.0	50.6
Non-Performing Loans (Gross)/Total Assets	3.4	3.4
Non-Performing Loans (Gross)/Total Loans (Gross)	4.9	4.2

Non-Performing Loans balance increased from TRY 94,7 million at the end of 2011 to TRY 97,2 million at the end of 2011. Due to the increase in the lending volume that outdid the rise in the non-performing loans during 2012, gross NPL ratio declined by nearly 0.7 points year-on and dropped to the order of 4,2% in December 2012.

Liquid Assets (TRY million)	December 2011	December 2012
Cash Balances and Central Bank	0.2	0.3
Securities at Fair Value through Profit or Loss	65.3	1.1
Banks and Other Financial Institutions	153.3	261.2
Money Markets	-	134.7
Available for Sale Marketable Securities	596.9	91.3
Total	815.7	488.6

The Bank's liquid assets, that amounted to TRY 815.7 million at the end of 2011, decreased by 40.1% to TRY 488.6 million as of the end of December 2012. The share of liquid assets in total assets declined from 29% to 17%. The key reason behind this decline was the shift in the Bank's preference away from short-term funds, and its policy to decrease the liquid portfolio. As a result of this policy, the share of Available For Sale Financial Assets in total assets decreased from 21.4% in December 2011 to just 3.2% in 2012.

Composition of Liabilities (%)	December 2011	December 2012
Money Markets	18.3	2.9
Borrowings	58.7	73.2
Funds	2.4	1.6
Provisions	1.3	1.7
Other Liabilities	0.4	0.5
Shareholders' Equity	18.9	20.1
<i>Profit / Loss for the Period</i>	0.9	1.5
Total	100.0	100.0

As a result of the relatively small increase in borrowing and funds obtained from money markets when compared to shareholder's equity, the share of shareholders' equity increased from 18.9% in 2011 to 20.1% in 2012. As a result of decrease in funding from money markets and the 28.1% increase in credits (mostly taken from outside Turkey), the share of credit obtained in total liabilities increased from 58.7% at the end of 2011 to 73.2% at the end of 2012.

Sources of Profit / Loss (TRY million)	December 2011	December 2012
Interest Margin	91.5	113.6
FX Margin	-1.7	3.4
Fee and Commission Margin	6.0	5.3
Securities Trading Margin	0.1	-1.3
Derivative Financial Transactions Margin	-1.3	-1.2
Other Income Margin	-62.4	-64.7
Profit before Taxes	32.2	55.1
Provision for Taxes (-)	8.4	11.5
Net Profit (Loss)	23.8	43.6

Composition of Revenues / Expenditures (%)	December 2011	December 2012
Income	100.0	100.0
Interest Income	82.6	83.3
Foreign Exchange Income	2.9	3.5
Commission Income	4.0	3.2
Gains from Securities Trading	0.4	0.2
Gains from Derivatives Trading	0.1	0.0
Other Income	10.0	9.8
Expenditures	100.0	100
Interest Expenditures	30.7	36.9
Foreign Exchange Expenditures	5.0	2.5
Commission Expenditures	0.2	0.8
Securities Trading Expenditures	0.4	1.1
Derivatives Trading Expenditures	1.1	0.8
Other Expenditures	62.6	57.9

ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND DEBT SERVICING CAPABILITY

Composition of Interest Income/Expenditures (%)	December 2011	December 2012
Interest Income	100.0	100.0
From Loans	69.4	65.9
From Banks	9.5	4.5
From Money Market Operations	0.3	12.6
From Securities	20.8	17.0
Interest Expenditures	100.0	100.0
On Money Market Operations	28.0	40.1
On Borrowings	60.4	54.3
Other	11.6	5.6

An analysis of the Bank's sources of revenues and expenditures reveals that the basic sources of profit consist of interest income and exchange rate gains. Interest income grew from nearly TRY 22.1 million during 2011 to reach TRY 113.6 million, while the Bank's exchange rate loss turned into a gain of TRY 3.4 million. The rise in interest margin stemmed mainly from the increased lending activities and frequent use of treasury transactions, especially in the first half of the year.

In terms of the composition of interest income, there was a decrease in the share of interest income from banks and loans, while the share of interest income from money market transactions and securities increased. In terms of interest expenditures, on the other hand, the share of interest paid on money market transactions - an item that did not exist in the previous year - increased from 28.0% to 40.1% due to the active use of the repurchase market. Owing to this rapid increase, there was a downturn in the share of interest paid on borrowings and other interest expenditures.

As a result of the increase in lending activity, which is the Bank's primary area of business, and the frequent use of treasury transactions leading to an increase in interest margin, the Bank's net profit increased by 83.2% to TRY 43.6 million in 2012. Due to the relatively strong increase in the net profit when compared to asset growth, the Bank's return on assets (RoA) increased from 0.9% from 1.5%, while the return on equity (RoE) rose from 4.5% to 7.6%.

CREDIT RATINGS

	2011	2012
Foreign Currency Commitments		
Long-Term	BB+	BBB-
Short-Term	B	F3
Outlook	Durağan	Durağan
Turkish Lira Commitments		
Long-Term	BB+	BBB
Short-Term	B	F3
Outlook	Durağan	Durağan
National		
Long-Term	AA+ (TUR)	AAA(TUR)
Outlook	Durağan	Durağan
Support Rating	3	2
Baseline Support Rating	BB+	BBB-

In accordance with the "Regulations on Annual Reports" and "Regulations on Rating Agencies' Authorization and Activities" issued by the Banking Regulation and Supervision Agency and published in issue 26,333 of the Official Gazette dated 1st November 2006, the Bank was assessed by Fitch Ratings and credits notes were updated on the Bank's website on 31st December 2012.

Fitch Ratings raised the Bank's credit rating with its declaration issued on 13th November 2012. The bank holds a long term foreign currency investment grade rating of BBB-, which is positive for the Bank's operations.

Long Term Foreign Currency: Upgraded from BB+ to BBB-, stable outlook.

Long Term Local Currency: Upgraded from BB+ to BBB, stable outlook.

Short Term Foreign and Local Currency: Upgraded from B to F3. Support Rating is upgraded from 3 to 2.

Baseline Support Rating: Upgraded from BB+ to BBB. National Long Term: Upgraded from AA+ to AAA, stable outlook.

SUMMARY FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE 2008-2012 PERIOD

(TRY million)	2008	2009	2010	2011	2012
Total Assets	1,023.9	1,287.0	1,597.2	2,793.8	2,870.1
Liquid Assets	334.3	324.7	298.2	815.7	488.6
Total Loans	589.1	802.3	1,178.2	1,859.2	2,254.4
Non-performing Loans (net)	0.0	27.9	27.5	48.3	48.0
Total Foreign Resources	539.7	788.0	1,083.5	2,264.9	2,293.2
Paid-in Capital	160.0	160.0	160.0	160.0	160
Shareholders' Equity	484.2	499.0	513.7	528.9	576.9
Net Interest Income	82.0	72.8	62.6	91.5	113.6
Net Profit	36.7	25.6	21.1	23.8	43.6
%					
Total Loans / Total Assets	57.5	62.3	73.8	66.5	78.5
Non-Performing Loans (gross) / Total Loans (gross)	9.9	10.8	6.3	4.9	4.2
Total Foreign Resources / Total Liabilities	52.7	61.2	67.8	81.1	79.9
Shareholders' Equity / Total Assets	47.3	38.8	32.2	18.9	20.1
Return on Assets (ROA)	3.6	2.0	1.3	0.9	1.5
Return on Equity (ROE)	7.6	5.1	4.1	4.5	7.6

Türkiye Kalkınma Bankası A.Ş.**INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2012****(Convenience Translation of the Audit Report and the Financial Statements Originally Issued In Turkish)**

To the Board of Directors of

Türkiye Kalkınma Bankası A.Ş.

Ankara

1. We have audited the accompanying unconsolidated balance sheet of Türkiye Kalkınma Bankası A.Ş. as at 31 December 2012, and the related unconsolidated statements of income, cash flows, and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Board of Directors of the Bank for the Financial Statements:

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

Auditor's Responsibility:

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

Independent Auditor's Opinion:

4. In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Kalkınma Bankası A.Ş. as at 31 December 2012 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

Ankara, 6 March 2013

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Erdem Taş
Partner

Additional paragraph for the English translation:

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

Türkiye Kalkınma Bankası A.Ş.**THE UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2012****(Convenience Translation of the Audit Report and the Financial Statements Originally Issued In Turkish)**

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The unconsolidated financial report for the year-end prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections.

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

The unconsolidated financial statements and related disclosures and notes included in this report are prepared, unless otherwise stated, in **Thousand Turkish Liras**, in accordance with the Procedures And Principles Regarding Banks' Accounting Practices and Maintaining Documents, Turkish Financial Reporting Standards and the related appendices and interpretations and our Bank's financial records, and they have been independently audited and enclosed.



Ahmet YAMAN
Chairman of Board of
Directors (Acting)



Metin PEHLİVAN
Board of Directors Member
and General Manager (Acting)



İrfan TOKGÖZ
Chairman of Audit
Committee

Attendant

Şerif ÇELENK
Chairman of Audit
Committee (By Proxy)



Zeki ÇİFTÇİ
Member of Audit
Committee



Adnan YALÇINCI
Assistant General Manager
Responsible for Financial Reporting



Aydın TOSUN
Head of Financial Affairs

Information on the authorized personnel to whom questions related to this financial report may be directed

Name Surname/Title: Funda Özer/Finance Manager

Tel No : 0 312 - 418 84 87

Fax No: 0 312 - 418 22 94

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Türkiye Kalkınma Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2012

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

SECTION ONE

GENERAL INFORMATION

I- Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles:

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 A.Ş.". Some adjustments were made on the status of the Bank with the Decree Based on Law numbered 165 dated November 14, 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 and in parallel with the developments in its service range. The Bank had 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 decision of Supreme Planning Council dated January 20, 1989 and numbered 89/T-2. Also with the Decree Based on Law numbered 401 dated February 12, 1990, some of the articles related to the Bank status were changed.

With the Law dated October 14, 1999 and numbered 4456, Decrees Based on Law numbered 13, 165, 329 and 401 were revoked and the establishment and operating principles of the Bank were rearranged.

II- Capital Structure of the Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year And Disclosures about the Group:

The capital ceiling of the Bank which is subject to registered capital system is TRY 500.000 Thousand. The issued capital considering the registered capital is TRY 160.000 Thousand (The Bank's capital consist of 16 Billion lots that one of each costs TRY 0,01), and the shareholders and their shares in the issued capital are shown below.

Shareholders	Share Amount (Thousand TL)	Share (%)	Share Capital (Thousand TL)	Trading Capital (Thousand TL)
Treasury	158.530	99,08	158.530	-
Other Shareholders	1.470	0,92	1.470	-
Total	160.000	100,00	160.000	-

III- Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents And Their Shares Attributable to the Bank, if any:

Chairman and Members of the Board of Directors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Ahmet YAMAN (*)	Chairman of the Board (By Proxy)	02.05.2008	Master's Degree	25
Metin PEHLİVAN	Member of the Board	15.03.2011	Bachelor	19
Hakan TOKAÇ	Member of the Board	01.05.2007	Master's Degree	19
İrfan TOKGÖZ (**)	Member of the Board	02.05.2008	Master's Degree	19
Şerif ÇELENK (***)	Member of the Board	02.03.2009	Bachelor	31
Zeki ÇİFTÇİ (***)	Member of the Board	15.05.2012	Doctorate	26
Ahmet KESİK (**)	Member of the Board	15.05.2012	Doctorate	26

(*) Ahmet Yaman has been assigned as by proxy according to decision of the Board of Directors dated 15 March 2011.

(**) Zeki Çiftçi and Ahmet Kesik, been have assigned as members of Board of Directors in General Assembly dated 9 May 2012.

(***) İrfan Tokgöz, Şerif Çelenk and Zeki Çiftçi have been assigned as Audit Committee members by the Board of Directors decision on 18 May 2012.

Türkiye Kalkınma Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2012

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

Board of Supervisors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Mustafa GÜNEŞ	Member of Board of Supervisors	30.04.2008	Bachelor	10
Ferhat KARAŞ	Member of Board of Supervisors	28.01.2010	Master's Degree	16
Davut KARATAŞ	Member of Board of Supervisors	24.05.2010	Bachelor	21

General Manager, Assistant General Managers:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Metin PEHLİVAN (*)	General Manager (By Proxy) All areas	15.03.2011	Bachelor	19
Metin PEHLİVAN	AGM/Human Res.-İstanbul Branch-Loan Marketing	15.09.2009	Bachelor	19
Bahattin SEKKİN	AGM/Tech.Mon.-Ins.Comm.-Econ.and Social Res.-Credit Inf.	22.08.2003	Bachelor	32
Adnan YALÇINCI	AGM/Loan Follow-up and Coll.-Fiscal Aff.-Budgeting	14.10.2005	Master's Degree	22
Zekai İŞILDAR	AGM/Loan Evaluation Corp. Banking	30.01.2009	Bachelor	26
İrfan YAŞAR	AGM/Fin.Inst.-Business Product-Treasury	16.12.2009	Master's Degree	13

Chairman of Inspection Committee:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Fatih ŞAHİN (**)	Chairman of Inspection Committee	21.02.2012	Bachelor	12

(*) Metin Pehlivan has been assigned as by proxy on 15 March 2011.

(**) Fatih Şahin has been assigned according to decision of the Board of Directors dated 13 February 2012.

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.

IV- Information About Persons And Institutions that Have Qualified Shares Attributable to the Bank:

The Under secretariat of Treasury owns 99,08% of the shares of the Bank.

V- Summary of Functions and Lines of Activities of the Bank:

The line of activities of Türkiye Kalkınma Bankası A.Ş. which is a development and investment bank is; to provide loans to enterprises having the status of "Incorporated Company" in the spirit of profitability and productivity for the development of Turkey, to finance and give operational support by participating to enterprises, to direct domestic and foreign savings into development investments, to assist in the development of capital market, to finance domestic, foreign and international joint ventures and carry out all kinds of development and investment banking activities.

SECTION TWO

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Türkiye Kalkınma Bankası A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

THOUSANDS OF TRY							
ASSETS	Disc.	AUDITED			AUDITED		
		CURRENT PERIOD (31/12/2012)			PRIOR PERIOD (31/12/2011)		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	319	-	319	168	-	168
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	1.122	-	1.122	65.343	-	65.343
2.1 Trading Financial Assets		1.122	-	1.122	65.343	-	65.343
2.1.1 Public Sector Debt Securities		1.104	-	1.104	65.343	-	65.343
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Financial Assets Held for Trading		18	-	18	-	-	-
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	221.837	39.380	261.217	149.183	4.089	153.272
IV. MONEY MARKET PLACEMENTS		134.670	-	134.670	-	-	-
4.1 Interbank Money Market Placements		4.600	-	4.600	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		130.070	-	130.070	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	91.065	199	91.264	596.898	-	596.898
5.1 Share Certificates		955	-	955	955	-	955
5.2 Public Sector Debt Securities		86.182	199	86.381	592.360	-	592.360
5.3 Other Marketable Securities		3.928	-	3.928	3.583	-	3.583
VI. LOANS	(5)	297.095	1.957.315	2.254.410	308.072	1.551.115	1.859.187
6.1 Loans		249.076	1.957.315	2.206.391	259.762	1.551.115	1.810.877
6.1.1 Loans Extended to Risk Group of the Bank		-	-	-	-	-	-
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		249.076	1.957.315	2.206.391	259.762	1.551.115	1.810.877
6.2 Loans Under Follow-Up		97.220	-	97.220	94.664	-	94.664
6.3 Specific Provisions (-)		49.201	-	49.201	46.354	-	46.354
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	29.733	-	29.733	35.558	-	35.558
8.1 Public Sector Debt Securities		29.733	-	29.733	29.858	-	29.858
8.2 Other Marketable Securities		-	-	-	5.700	-	5.700
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	7.691	5.513	13.204	5.756	2.275	8.031
9.1 Accounted with Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		7.691	5.513	13.204	5.756	2.275	8.031
9.2.1 Financial Investments		-	5.513	5.513	-	2.275	2.275
9.2.2 Non-financial Investments		7.691	-	7.691	5.756	-	5.756
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	6.357	-	6.357	6.038	-	6.038
10.1 Unconsolidated Financial Subsidiaries		6.357	-	6.357	6.038	-	6.038
10.2 Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
11.1 Accounted with Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	5	-	5	-	-	-
12.1 Finance Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		5	-	5	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair Value Risk Hedging		-	-	-	-	-	-
13.2 Cash Flow Risk Hedging		-	-	-	-	-	-
13.3 Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	54.101	-	54.101	45.167	-	45.167
XV. INTANGIBLE ASSETS (Net)	(13)	784	-	784	852	-	852
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		784	-	784	852	-	852
XVI. INVESTMENT PROPERTIES (Net)	(14)	1.153	-	1.153	2.416	-	2.416
XVII. TAX ASSET	(15)	6.846	-	6.846	6.308	-	6.308
17.1 Current Assets for Tax		-	-	-	-	-	-
17.2 Deferred Assets for Tax		6.846	-	6.846	6.308	-	6.308
XVIII. ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Held for Sale Purpose		-	-	-	-	-	-
18.2 Held from Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	13.048	1.820	14.868	13.134	1.384	14.518
TOTAL ASSETS		865.826	2.004.227	2.870.053	1.234.893	1.558.863	2.793.756

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

Türkiye Kalkınma Bankası A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

THOUSANDS OF TRY								
		AUDITED CURRENT PERIOD (31/12/2012)			AUDITED PRIOR PERIOD (31/12/2011)			
	LIABILITIES AND EQUITY	Disc.	TRY	FC	Total	TRY	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
1.1	Deposits Held by the Risk Group of the Bank		-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1.096	-	1.096	1.410	-	1.410
III.	BORROWING FUNDING LOANS	(3)	-	2.101.037	2.101.037	-	1.639.868	1.639.868
IV.	MONEY MARKET BALANCES		81.549	-	81.549	508.216	-	508.216
4.1	Interbank Money Market Takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Takasbank Takings		-	-	-	-	-	-
4.3	Funds From Repurchase Agreements		81.549	-	81.549	508.216	-	508.216
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		47.083	54	47.137	66.629	57	66.686
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		47.083	54	47.137	66.629	57	66.686
VII.	SUNDRY CREDITORS		3.411	1.821	5.232	4.010	935	4.945
VIII.	OTHER LIABILITIES	(4)	3.790	307	4.097	3.950	-	3.950
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	FINANCE LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
10.1	Finance Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1	Fair Value Risk Hedging		-	-	-	-	-	-
11.2	Cash Flow Risk Hedging		-	-	-	-	-	-
11.3	Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XII.	PROVISIONS	(7)	47.743	-	47.743	36.765	-	36.765
12.1	General Loan Provisions		23.008	-	23.008	16.635	-	16.635
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		24.735	-	24.735	20.130	-	20.130
12.4	Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5	Other Provisions		-	-	-	-	-	-
XIII.	TAX LIABILITY	(8)	5.264	-	5.264	3.041	-	3.041
13.1	Current Tax Liability		5.264	-	5.264	3.041	-	3.041
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR ASSET HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
XV.	TIER -II CAPITAL	(10)	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(11)	576.896	2	576.898	528.875	-	528.875
16.1	Paid-in Capital		160.000	-	160.000	160.000	-	160.000
16.2	Capital Reserves		210.847	2	210.849	206.456	-	206.456
16.2.1	Share Premium		1.491	-	1.491	1.491	-	1.491
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Revaluation Fund		3.282	2	3.284	(1.109)	-	(1.109)
16.2.4	Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6	Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7	Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3	Profit Reserves		162.419	-	162.419	138.658	-	138.658
16.3.1	Legal Reserves		29.992	-	29.992	28.804	-	28.804
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		132.427	-	132.427	109.854	-	109.854
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Profit/Loss		43.630	-	43.630	23.761	-	23.761
16.4.1	Prior Years Income/Loss		-	-	-	-	-	-
16.4.2	Period Profit/Loss		43.630	-	43.630	23.761	-	23.761
			-	-	-	-	-	-
	TOTAL LIABILITIES AND EQUITY		766.832	2.103.221	2.870.053	1.152.896	1.640.860	2.793.756

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

Türkiye Kalkınma Bankası A.Ş.

UNCONSOLIDATED OFF BALANCE SHEET ACCOUNTS

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

THOUSANDS OF TRY							
	Disc.	AUDITED CURRENT PERIOD (31/12/2012)			AUDITED PRIOR PERIOD (31/12/2011)		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		134.711	848.263	982.974	171.386	1.188.910	1.360.296
I. GUARANTEES AND SURETYSHIPS	(1), (3)	46	56.981	57.027	46	78.798	78.844
1.1. Letters of Guarantee		46	-	46	46	-	46
1.1.1. Guarantees Subject to Public Procurement Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		46	-	46	46	-	46
1.2. Bank Loans		-	-	-	-	-	-
1.2.1. Import Acceptances		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	56.981	56.981	-	78.798	78.798
1.3.1. Documentary Letters of Credit		-	56.981	56.981	-	78.798	78.798
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Guaranteed Prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to Central Bank of Turkish Republic		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Suretyships		-	-	-	-	-	-
II. COMMITMENTS	(1), (3)	46.697	704.371	751.068	109.302	1.049.407	1.158.709
2.1. Irrevocable Commitments		-	16.000	16.000	-	20.767	20.767
2.1.1. Forward Asset Purchase Commitments		-	-	-	-	-	-
2.1.2. Forward Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3. Capital Commitments to Subsidiaries and Associates		-	16.000	16.000	-	20.767	20.767
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6. Payment Commitments for Reserve Deposits		-	-	-	-	-	-
2.1.7. Payment Commitments for Cheques		-	-	-	-	-	-
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		46.697	688.371	735.068	109.302	1.028.640	1.137.942
2.2.1. Revocable Loan Granting Commitments		46.697	688.371	735.068	109.302	1.028.640	1.137.942
2.2.2. Other Revocable Commitments		-	-	-	-	-	-

Türkiye Kalkınma Bankası A.Ş.

UNCONSOLIDATED OFF BALANCE SHEET ACCOUNTS

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

		THOUSANDS OF TRY						
		AUDITED			AUDITED			
		CURRENT PERIOD			PRIOR PERIOD			
		(31/12/2012)			(31/12/2011)			
		Disc.	TRY	FC	Total	TRY	FC	Total
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	87.968	86.911	174.879	62.038	60.705	122.743
3.1	Derivative Financial Instruments for Hedging	-	-	-	-	-	-	-
3.1.1	Fair Value Risk Hedging Transactions	-	-	-	-	-	-	-
3.1.2	Cash flow Risk Hedging Transactions	-	-	-	-	-	-	-
3.1.3	Net Abroad Investment Risk Hedging Transactions	-	-	-	-	-	-	-
3.2	Transactions for Trading	87.968	86.911	174.879	62.038	60.705	122.743	
3.2.1	Forward Foreign Currency Buy/Sell Transactions	2.543	2.523	5.066	4.572	4.505		9.077
3.2.1.1	Forward Foreign Currency Transactions-Buy	2.543	-	2.543	-	4.505		4.505
3.2.1.2	Forward Foreign Currency Transactions-Sell	-	2.523	2.523	4.572	-		4.572
3.2.2	Currency and Interest Rate Swaps	85.425	84.388	169.813	57.466	56.200		113.666
3.2.2.1	Currency Swap-Buy	-	84.388	84.388	-	56.200		56.200
3.2.2.2	Currency Swap-Sell	85.425	-	85.425	57.466	-		57.466
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-		-
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-		-
3.2.3	Currency, Interest Rate and Marketable Securities Options	-	-	-	-	-		-
3.2.3.1	Currency Call Options	-	-	-	-	-		-
3.2.3.2	Currency Put Options	-	-	-	-	-		-
3.2.3.3	Interest Rate Call Options	-	-	-	-	-		-
3.2.3.4	Interest Rate Put Options	-	-	-	-	-		-
3.2.3.5	Marketable Securities Call Options	-	-	-	-	-		-
3.2.3.6	Marketable Securities Put Options	-	-	-	-	-		-
3.2.4	Currency Futures	-	-	-	-	-		-
3.2.4.1	Currency Futures-Buy	-	-	-	-	-		-
3.2.4.2	Currency Futures-Sell	-	-	-	-	-		-
3.2.5	Interest Rate Buy/Sell 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 ASSETS (IV+V+VI)		1.967.239	7.361.635	9.328.874	2.214.703	7.174.371		9.389.074
IV.	CUSTODIES	2.079	496	2.575	2.894	514		3.408
4.1.	Assets Under Management	-	-	-	-	-		-
4.2.	Custody Marketable Securities	2.079	-	2.079	2.394	-		2.394
4.3.	Cheques in Collection Process	-	-	-	500	-		500
4.4.	Commercial Notes in Collection Process	-	-	-	-	-		-
4.5.	Other Assets in Collection Process	-	-	-	-	-		-
4.6.	Underwritten Securities	-	-	-	-	-		-
4.7.	Other Custodies	-	496	496	-	514		514
4.8.	Custodians	-	-	-	-	-		-
V.	PLEDGED ASSETS	1.963.560	7.360.017	9.323.577	2.210.209	7.172.697		9.382.906
5.1.	Marketable Securities	-	-	-	-	-		-
5.2.	Collateral Notes	320.470	1.662.119	1.982.589	305.380	1.422.780		1.728.160
5.3.	Commodity	-	-	-	-	-		-
5.4.	Warranty	-	-	-	-	-		-
5.5.	Land and Buildings	908.836	3.756.643	4.665.479	1.131.005	3.822.282		4.953.287
5.6.	Other Pledged Assets	205.070	1.386.646	1.591.716	166.941	1.345.901		1.512.842
5.7.	Pledges	529.184	554.609	1.083.793	606.883	581.734		1.188.617
VI.	ACCEPTED BILL GUARANTEES AND SURETIES	1.600	1.122	2.722	1.600	1.160		2.760
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		2.101.950	8.209.898	10.311.848	2.386.089	8.363.281		10.749.370

Türkiye Kalkınma Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF INCOME

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

THOUSANDS OF TRY			
		Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
	Disc	(01/01/2012-31/12/2012)	(01/01/2011-31/12/2011)
INCOME AND EXPENSES			
I. INTEREST INCOME	(1)	167.329	129.831
1.1 Interest on loans		110.245	90.145
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks		7.504	12.365
1.4 Interest received from money market placements		21.099	388
1.5 Interest income on marketable securities		28.478	26.932
1.5.1 Financial assets held for trading		638	6.112
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Financial assets available-for-sale		25.070	16.629
1.5.4 Investments held-to-maturity		2.770	4.191
1.6 Finance lease income		-	-
1.7 Other interest income	(12)	3	1
II. INTEREST EXPENSE	(2)	53.745	38.335
2.1 Interest on deposits		-	-
2.2 Interest on borrowings		29.190	23.178
2.3 Interest on money market borrowings		21.537	10.722
2.4 Interest on marketable securities issued		-	-
2.5 Other interest expense	(12)	3.018	4.435
III. NET INTEREST INCOME (I - II)		113.584	91.496
IV. NET FEES AND COMMISSIONS INCOME		5.257	5.976
4.1 Fees and commissions income		6.350	6.213
4.1.1 Non-cash loans		759	1.009
4.1.2 Other	(12)	5.591	5.204
4.2 Fees and commissions expenses		1.093	237
4.2.1 Non-cash loans		-	-
4.2.2 Other	(12)	1.093	237
V. DIVIDEND INCOME	(3)	330	172
VI. NET TRADING PROFIT	(4)	924	(2.888)
6.1 Profit/Loss from capital market operations		(1.258)	141
6.2 Profit/Loss from financial derivative transactions		(1.190)	(1.323)
6.3 Foreign exchange gains/losses		3.372	(1.706)
VII. OTHER OPERATING INCOME	(5)	19.381	15.604
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		139.476	110.360
IX. LOANS AND OTHER RECEIVABLES IMPAIRMENT LOSS PROVISIONS (-)	(6)	15.298	17.761
X. OTHER OPERATING EXPENSES(-)	(7)	69.095	60.441
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		55.083	32.158
XII. AMOUNT RECORDED IN EXCESS AS GAIN AFTER MERGER		-	-
XIII. PROFIT/LOSSES FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(8)	55.083	32.158
XVI. TAX INCOME PROVISION (±)	(9)	(11.453)	(8.397)
16.1 Current tax provision		(13.089)	(7.394)
16.2 Deferred tax provision		1.636	(1.003)
XVII. NET OPERATING INCOME AFTER TAX (XV±XVI)	(10)	43.630	23.761
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Property and equipment income held for sale		-	-
18.2 Sale profits from associates, subsidiaries and joint ventures (business partners)		-	-
18.3 Other income from terminated operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
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 discontinued operations		-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(8)	-	-
XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)	(9)	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-
XXIII. NET PROFIT/(LOSS) (XVII+XXII)	(11)	43.630	23.761
Earnings per share		0,00273	0,00149

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

Türkiye Kalkınma Bankası A.Ş.**UNCONSOLIDATED PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY	THOUSANDS OF TRY AUDITED	
	CURRENT PERIOD (01/01/2012 31/12/2012)	PRIOR PERIOD (01/01/2011 31/12/2011)
I. Additions to marketable securities revaluation differences for available for sale financial assets	7.236	(4.778)
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted under equity due to TAS	-	-
IX. Deferred tax of valuation differences	(1.098)	936
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	6.138	(3.842)
XI. Profit/Loss	(1.745)	96
11.1. Change in fair value of marketable securities (Transfer to Profit/Loss)	(1.745)	96
11.2. Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3. Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4. Other	-	-
XII. Total Profit/Loss accounted for the period (X±XI)	4.393	(3.746)

Türkiye Kalkınma Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

THOUSANDS OF TRY

Disc.	Paid-in Capital	Effect of Inflation Adjustments on Paid in Capital	Share Premium	Share Certificate Cancellation Profit	Legal Reserves	Statutory Reserves	Extraordinary Reserves
PRIOR PERIOD							
(31/12/2011)							
I. Balance at end of prior period	160.000	206.074	1.491	-	27.688	-	94.677
II. Corrections according to TAS 8	-	-	-	-	-	-	-
2.1. The effect of corrections of errors	-	-	-	-	-	-	-
2.2. The effects of changes in accounting policy	-	-	-	-	-	-	-
III. New Balance (I + II)	160.000	206.074	1.491	-	27.688	-	94.677
Changes within the period	-	-	-	-	-	-	-
IV. Increase/Decrease generated by merger	-	-	-	-	-	-	-
V. Valuation changes in marketable securities	-	-	-	-	-	-	-
VI. Hedging Funds (Effective Portion)	-	-	-	-	-	-	-
6.1. Cash-flow hedge	-	-	-	-	-	-	-
6.2. Hedges for investment 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	-	-	-	-	-	-	-
XIX. Net profit or losses	-	-	-	-	1.116	-	15.177
XX. Profit distribution	-	-	-	-	-	-	-
20.1. Dividends distributed	-	-	-	-	1.116	-	15.177
20.2. Transfers to legal reserves	-	-	-	-	-	-	-
20.3. Other	-	-	-	-	-	-	-
Closing Balance (III+IV+V +...+XVIII+XIX+XX)	160.000	206.074	1.491	-	28.804	-	109.854
CURRENT PERIOD							
(31/12/2012)							
I. Balance at end of prior period	160.000	206.074	1.491	-	28.804	-	109.854
Changes within the period	-	-	-	-	-	-	-
IV. Increase/Decrease generated by merger	-	-	-	-	-	-	-
V. Valuation changes in marketable securities	-	-	-	-	-	-	-
VI. Hedging Funds (Effective Portion)	-	-	-	-	-	-	-
6.1. Cash-flow hedge	-	-	-	-	-	-	-
6.2. Hedges for investment 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	-	-	-	-	-	-	-
XIX. Net profit or losses	-	-	-	-	-	-	-
XX. Profit distribution	-	-	-	-	1.188	-	22.573
20.1. Dividends distributed	-	-	-	-	-	-	-
20.2. Transfers to legal reserves	-	-	-	-	1.188	-	22.573
20.3. Other	-	-	-	-	-	-	-
Closing Balance (III+IV+V +...+XVIII+XIX+XX)	160.000	206.074	1.491	-	29.992	-	132.427

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

Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Valuation changes in marketable sec.	Revaluation changes in prop. and equip. and int. assets	Free shares from shareholders	Hedging funds	Valu. chan. in pro. and equip. held for sale purp./term. op.	Total Equity
-	-	21.121	2.637	-	-	-	-	513.688
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	21.121	2.637	-	-	-	-	513.688
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(3.746)	-	-	-	-	(3.746)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	23.761	-	-	-	-	-	-	23.761
-	-	(21.121)	-	-	-	-	-	(4.828)
-	-	(4.828)	-	-	-	-	-	(4.828)
-	-	(16.293)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	23.761	-	(1.109)	-	-	-	-	528.875
-	-	-	-	-	-	-	-	-
-	-	23.761	(1.109)	-	-	-	-	528.875
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	4.393	-	-	-	-	4.393
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	43.630	-	-	-	-	-	-	43.630
-	-	(23.761)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	(23.761)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	43.630	-	3.284	-	-	-	-	576.898

Türkiye Kalkınma Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

Disc	THOUSANDS OF TRY	
	AUDITED	AUDITED
	CURRENT PERIOD (01/01/2012-31/12/2012)	PRIOR PERIOD (01/01/2011-31/12/2011)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1. Operating profit before changes in operating assets and liabilities (+)	155.345	(153.756)
1.1.1. Interest received (+)	177.882	116.662
1.1.2. Interest paid (-)	(54.581)	(35.305)
1.1.3. Dividend received(+)	330	172
1.1.4. Fees and commissions received (+)	6.350	6.213
1.1.5. Other income (+)	961	3.537
1.1.6. Collections from previously written off loans (+)	7.296	11.886
1.1.7. Cash payments to personnel and service suppliers (-)	(48.612)	(44.921)
1.1.8. Taxes paid (-)	(14.946)	(9.350)
1.1.9. Other (+/-)	80.665	(202.650)
1.2. Assets and Liabilities Subject to Banking Operations	(398.104)	644.543
1.2.1. Net (increase) decrease in financial assets held for sale (+/-)	61.752	(16.375)
1.2.2. Net (increase) decrease in financial assets at fair value through profit or loss (+/-)	-	-
1.2.3. Net (increase) decrease in due from banks and other financial institutions (+/-)	-	20.000
1.2.4. Net (increase) decrease in loans (+/-)	(450.493)	(465.062)
1.2.5. Net (increase) decrease in other assets (+/-)	(356)	(10.427)
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 loans borrowed (+/-)	433.212	632.770
1.2.9. Net increase (decrease) in matured payables (+/-)	-	-
1.2.10. Net increase (decrease) in other liabilities (+/-)	(442.219)	483.637
I. Net cash provided from banking operations (+/-)	(242.759)	490.787
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
II. Net cash provided from investing activities (+/-)	486.490	(438.866)
2.1. Cash paid for purchase of joint ventures, associates and subsidiaries(-)	(4.004)	(1.423)
2.2. Cash obtained from sale of entities joint ventures, associates and subsidiaries (+)	-	-
2.3. Fixed assets purchases (-)	(178)	(85)
2.4. Fixed assets sales(+)	177	2.786
2.5. Cash paid for purchase of financial assets available for sale (-)	(417.593)	(715.382)
2.6. Cash obtained from sale of financial assets available for sale (+)	902.831	263.303
2.7. Cash paid for purchase of investment securities (-)	(18.443)	(66.432)
2.8. Cash obtained from sale of investment securities (+)	24.056	79.393
2.9. Other (+/-)	(356)	(1.026)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities (+/-)	-	(4.828)
3.1. Cash obtained from loans borrowed and securities issued (+)	-	-
3.2. Cash used for repayment of loans borrowed and securities issued (-)	-	-
3.3. Marketable securities issued (+)	-	-
3.4. Dividends paid (-)	-	(4.828)
3.5. Payments for finance leases (-)	-	-
3.6. Other (+/-)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)	(1.166)	518
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	242.565	47.611
VI. Cash and cash equivalents at beginning of the period (+)	(2)	153.673
VII. Cash and cash equivalents at end of the period (V+VI)	(3)	153.284

Türkiye Kalkınma Bankası A.Ş.

PROFIT DISTRIBUTION TABLE

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

(Convenience Translation of the Audit Report and the Financial Statements Originally Issued in Turkish)

	THOUSANDS OF TRY	
	AUDITED	AUDITED
	CURRENT PERIOD	PRIOR PERIOD
	(31/12/2012)	(31/12/2011)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1. CURRENT YEAR INCOME	55.083	32.158
1.2. TAXES AND DUTIES PAYABLE	11.453	8.397
1.2.1. Corporate tax (Income tax)	13.089	7.394
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and duties (*)	(1.636)	1.003
A. NET INCOME FOR THE YEAR (1.1-1.2)	43.630	23.761
1.3. PRIOR YEARS LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	1.188
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	43.630	22.573
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To owners of ordinary shares	-	-
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 (-)	-	-
1.8. 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 (-)	-	-
1.11. STATUTORY RESERVES (-)	-	-
1.12. GENERAL RESERVES	-	22.573
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To holders of profit and loss sharing certificates	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES	-	-
3.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Profit Distribution decision is taken by the General Assembly of the Bank. As of the report date, the General Assembly meeting has not been held.

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

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SECTION THREE

ACCOUNTING POLICIES

I- Explanations on Basis of Presentation:

a. The preparation of financial statements and related notes according to Turkish Accounting Standards and "Regulation on the Procedures And Principles Regarding Banks' Accounting Practices and Maintaining Documents":

The unconsolidated financial statements and related disclosures are prepared in accordance with the Turkish Accounting Standards (TMS) and Turkish Financial Reporting Standards (TFRS) effective by the Turkish Accounting Standards Board and related appendixes and interpretations concerning those standards, and "Regulation on the Procedures And Principles Regarding Banks' Accounting Practices and Maintaining Documents" dated 1 November 2006 and numbered 26333 which is related to Banking Law numbered 5411 and other legislations, interpretations and circulars issued related to basis for accounting and financial reporting by Banking Regulation and Supervision Agency. The Bank keeps its records in Turkish Liras (TRY) in accordance with the Banking Law, Turkish Trade Law and Turkish Tax Legislations.

According to Statutory Decree No: 660 published on 2 November 2011 in the Official Gazette, the Additional Clause 1 of the Law No: 2499 which is the establishment article of Turkish Accounting Standards Board was cancelled and Public Oversight, Accounting and Auditing Standards Authority ("Institution") was established. Current arrangements related with this Statutory Decrees, in accordance with the Temporary Law No.1, is continued to be applied until the standards and amendments go in effect. Therefore, the stated situation does not cause any amendment in the "Basis of Presentation of Financial Statements" stated in the notes of financial statements as of balance sheet date.

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

Accounting policies for the preparation of financial statements and valuation principles used are applied in line with Turkish Accounting Standards, Turkish Financial Reporting Standards and the related legislations, communiqués and decrees published by the Banking Regulation and Supervision Agency.

c. Accounting policies used for the correct interpretation of financial statements:

Financial statements are prepared in Turkish Liras and are based on historical cost except financial assets and liabilities presented with fair value.

All of the financial statements as of 31 December 2012 are presented comparatively with the audited balances as of 31 December 2011. In order to give information about financial position and performance trends, unconsolidated financial statements of the Bank has been prepared comparatively with the prior period balances. In the aspect of having compliance with the presentation of current year unconsolidated financial statements, the comparative information can be reclassified and important differences are explained when necessary.

Unless otherwise stated, all balances in the financial statements, related notes and explanations expressed in Thousand Turkish Lira.

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

The majority of the liabilities of the balance sheet of the Bank consist of funds obtained from domestic and international markets. The majority of funds obtained domestically consist of funds provided by international institutions such as World Bank and Council of European Development Bank via Turkish Treasury and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Turkish Treasury to be utilized in various sectors. The funds obtained internationally consist of medium and long term loans borrowed from World Bank, and European Investment Bank and Council of European Development Bank, Islamic Development Bank and French Development Agency.

During the utilization of the funds obtained, the Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability consistency into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures were taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

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 off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

During foreign currency transactions, procedures detailed below are applied.

a. Foreign currency monetary assets and liabilities are translated to Turkish Lira (TRY) with the buying exchange rates announced by the Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.

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b. There is no exchange rate differences capitalized as of balance sheet date.

c. Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset- Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders' Equity Ratio which is included in legal requirements, 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 income statement of the related period.

III- Explanations on Derivative Instruments:

The derivative transactions of the Bank are composed of foreign exchange swap and forward exchange agreements. The Bank has no derivative instruments decomposed from the main contract. Derivative financial instruments are recorded with the fair value at the date of agreement and valued at fair value in the following reporting periods. In addition, the receivables and payables arising from these transactions are accounted at off-balance sheet accounts. Depending on valuation difference being positive or negative, mentioned differences are presented on the related balance sheet accounts.

IV- Explanations on Interest Income and Expenses:

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) in conformity with TAS 39 "Financial Instruments: Recognition and Measurement".

If a financial asset possesses on uncollected interest accrual before its acquisition by the Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the income statement.

Realized and unrealized interest accruals of non-performing loans and other receivables are cancelled in line with the "Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables, and Allocation of Provisions" published in the Official Gazette dated 1 November 2006 and numbered 26333 and those amounts are not included in the income statement unless collected.

V- Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commissions and fees income and expenses, excluding the above mentioned commissions are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

VI- Explanations on Financial Assets:

Financial assets mainly constitute the Bank's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

The financial assets of the Bank are classified and accounted as " Financial Assets at Fair Value Through Profit and Loss", "Financial Assets Available-for-Sale", "Loans and Receivables" or "Investments Held to Maturity". The sale and purchase of financial assets are accounted by "delivery date". The classification of financial assets has been decided by management of the bank considering the purpose of purchase on purchase date.

Financial Assets at Fair Value through Profit and Loss:

Financial assets held for trading are financial assets, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are financial assets included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost and carried at fair value in the financial statements. Marketable securities that are traded in Istanbul Stock Exchange (ISE) are carried at weighted average exchange prices of ISE as of the balance sheet date.

Gains or losses arising as a result of valuation of held for trading financial assets are accounted under profit/loss accounts. Positive difference between the cost and amortized value is recorded under "Interest Income". Positive difference between fair value and amortized value is recorded under "Capital Market Operations Profit", negative difference is recorded under "Capital Market Operations Loss".

Financial assets at fair value through profit and loss are financial assets which are not acquired for trading, however, are classified as financial assets at fair value through profit and loss during the initial recognition. The Bank has no financial assets classified as Financial Assets at Fair Value through Profit and Loss.

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Financial Assets Available-for-Sale:

Financial assets available-for-sale represents non-derivative financial assets except for loans and receivables, investments held to maturity and financial assets at fair value through profit and loss.

Financial assets available-for-sale are initially recognized at cost including the transaction costs and carried at fair value in the financial statements. Marketable securities that are traded in Istanbul Stock Exchange (ISE) are carried at weighted average exchange prices of ISE as of the balance sheet date. In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortized value which is calculated using the internal rate of return is accepted as the fair value. The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for available-for-sale financial assets with fixed or floating interest rate shows the difference between cost and amortized amount calculated using internal rate of return and accounted as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets available-for-sale and which are denoting the difference between fair value and amortized cost of financial assets, are recognized in the "Marketable Securities Revaluation Fund". Amounts accounted under equity are reflected to income statement when financial assets available-for-sale are sold.

Loans and Receivables:

Loans and receivables represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans and receivables are initially recognized with cost and carried at amortized cost calculated using the internal rate of return at the subsequent recognition. Transaction fees, dues and other expenses paid for loan guarantees are reflected to the customers.

Granted loans by the Bank consists of investment and working capital loans, and fund originated loans.

Foreign currency indexed loans are followed at TRY accounts after converting into TRY by using the opening exchange rates. Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts in the income statement.

Non-performing loans are classified in accordance with the "Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables, and Allocation of Provisions" published in the Official Gazette dated 1 November 2006 and numbered 26333, and ultimately amended by the legislation published in Official Gazette dated 21 September 2012 and numbered 28418. For the cash loans classified as non-performing, specific provision is set for the remaining loan balance after deducting collateral amount, which is calculated by taking collaterals admission rates into account, and by using the rates specified in the communiqué. Specific provisions are reflected to "820 Provisions and Impairment Expenses - 82000 Specific Provisions Expenses" account. Provisions released in same year are recognized as a credit under the "Provision Expenses", released portion of the previous period provisions are recognized under "Other Operating Income" account. Collections are accounted under "Non-performing Loans (including collections from Doubtful Receivables)" and "Interest on Uncollectible Loans and Other Receivables" accounts.

Cash and Cash Equivalents:

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturity of 3 months or less following the date of purchase, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The carrying amount of these assets represents their fair values.

Investments Held To Maturity:

Investments held to maturity are non-derivative financial assets, other than those which are classified at fair value through profit and loss or available for sale or loans and receivables at initial recognition, for which there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and for which there are fixed or determinable payments with fixed maturity.

Investments held to maturity are subsequently measured at amortized cost using internal rate of return, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from investments held to maturity are recognized as interest income.

The Bank does not have any financial assets that are previously classified as investments held-to-maturity but prohibited to be classified in this portfolio for two years because of incompliance with the principles of financial assets classification.

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VII- Explanations on Impairment of Financial Assets:

At each balance sheet date, the Bank reviews the carrying amounts of its financial asset or group of financial assets whether there is an objective indication that those assets have suffered an impairment loss. If such indication exists, the Bank measures the related impairment amount.

If expected recoverable amount of financial assets which is the discounted amount of expected future cash flows using internal rate of return, or fair value of the financial assets are lower than their carrying amount, these financial assets are considered as impaired. Provision is set for impairment loss and the provision is reflected to income statement.

The changes in the value of financial assets held for sale are reflected to income statement in the related period.

If expenses financial assets available for sale are subject to permanent impairment, the amount is debited to "Value Loss Expenses for Securities" account in line with the related Turkish Accounting Standard.

Impairment losses attributable to the investments held to maturity are measured as the difference between the present value of estimated future cash flows which is the discounted amount using the original interest rate of financial asset and the carrying amount of the asset. The related difference is recognized as a loss and it decreases the carrying value of the financial asset. In subsequent periods, if the impairment loss amount decreases, impairment loss recognized is reversed.

Loans portfolio is regularly monitored by management of the Bank and if any doubts on the collectability of the loans arise, the related loans are classified in accordance with the "Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables, and Allocation of Provisions" published in the Official Gazette numbered 26333 and dated 1 November 2006. For the cash loans classified as non-performing, specific provision is set for the remaining loan balance after deducting collateral amount, which is calculated by taking collaterals admission rates into account, and by using the rates specified in the communiqué. Besides specific provisions, the Bank allocates general loan loss provision in line with related regulations.

VIII- Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

IX- Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are accounted in balance sheet accounts in line with Uniform Chart of Account. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as "Subject to Repurchase Agreements" and are valued by market prices in or discounted values using internal rate of returns according to the holding purposes in the Bank portfolio. Funds gained by repurchase agreements are shown as a separate entry in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased in back selling commitment (reverse repurchase agreements) are shown as a line item under "Money Market Placements" line. For the difference between the purchase of securities and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method. There are no marketable securities that are subjected to lending.

X- Explanations on Assets Held For Sale and Discontinued Operations:

Assets that are classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation on these assets is stopped, and these assets disclosed separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group). The Bank has no assets classified as held for sale.

A discontinued operation is a component of a bank that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

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XI- Explanations on Goodwill and Other Intangible Assets:

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs beared necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33%.

Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

Expenses related to existing computer software and computer software improvement that enhance original content and useful life, are capitalized over the software. Those capitalized expenses are amortized over the remaining useful life of the related assets using the "Straight line method".

XII- Explanations on Tangible Fixed Assets:

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs beared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

The Bank's tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequent to 1 January 2005 are valued at historical cost.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs.

There are no mortgages, pledges or similar precautionary measures on tangible fixed assets or commitments given for the purchase or any restrictions designated for the use of those tangible fixed assets.

Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows;

	Estimated Useful Life (Years)	Amortization Rate (%)
Building	50	2
Banks	50	2
Vehicles	5	20
Other Tangible Assets	3-15	6,66-33,33

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods.

The Bank has no discontinued operations, and accounts tangible fixed assets acquired due to receivables in line with the "Regulation on Procedures and Principles for Sales and Purchase of Precious Metal and Disposal of Commodities That Have Been Acquired due to Receivables by Banks" which is published at Official Gazette dated 1 November 2006 and numbered 26333. These assets are not subject to revaluation.

XIII- Explanations on Leasing Transactions:

The Bank, as the lessee, recognizes its leasing operations in accordance with the requirements of the Turkish Accounting Standards (TAS 17) "Leases". Lease receivables other than financial lease receivables and from the rental of assets that are not used in banking operations, not collected as of the balance sheet are included under lease receivables account.

As of balance sheet data, the Bank has three real estates under operational leasing agreement and two of these real estates are presented as investment property on balance sheet. Investment property, which is property, held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. The depreciation period for investment property is 50 years. Real estate under operational leasing which is acquired due to receivables are accounted in line with the provisions of the "Regulation on Procedures and Principles for Sales and Purchase of Precious Metal and Disposal of Commodities That Have Been Acquired due to Receivables by Banks" which is published at Official Gazette dated 1 November 2006 and numbered 26333; and the Bank brings those real estates for sale at regular intervals.

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XIV- Explanations on Provisions and Contingent Liabilities:

The Bank provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable.

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding" (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

XV- Explanations on Employee Benefit Liabilities:

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard No:19 "Employee Benefits".

There is no fund to which the Bank personnel are members. However, personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, retirement pay provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker, the calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Retirement Payment Provision ceiling).

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2012, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5% and a discount rate of 7,33%, resulting in a real discount rate of approximately 2,22% (31 December 2011: 4,66%). As the maximum liability is revised semiannually, the maximum amount of TRY 3.129,25 effective from 1 January 2013 has been taken into consideration in calculation of provision from employment termination benefits (1 January 2012: TRY 2.805,04).

XVI- Explanations on Taxation:

In accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 20%. The tax legislation requires advance tax to be calculated using the corporate tax rate and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the corporate tax liability for the year. Accrued advance tax as of 31 December 2012 is paid in 18 February 2013, to be offset against the final corporate tax liability for the current year.

Tax expense is the sum of the current tax expense and deferred tax charge. Current year tax liability is calculated over taxable profit. Taxable profit is different from the profit in the income statement since taxable income for the following years or deductible income or expenses and non-taxable and non-deductible income or expense items are excluded.

In accordance with the Turkish Accounting Standard (TAS 12) "Income Tax", the bank calculates and recognizes deferred tax asset and liability for temporary differences between the carrying amounts of balances at financial statements and the corresponding tax bases used in the computation of taxable profit, using income liability method. According to tax legislation, differences on the date of acquisition of assets and liabilities that do not affect taxable profit or accounting profit are excluded from deferred tax calculation. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities other than goodwill or business combination in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected to income statement as expense or income, except when deferred tax relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with equity.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

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XVII- Additional Explanations on Borrowings:

The Bank accounts its debt instruments in accordance with the Turkish Accounting Standard (TAS 39) "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. The Bank acts as an intermediary for funds provided by Turkish Treasury to be utilized domestically. Disbursement from this source has been finalized and there has been no new source transfer from the Undersecretariat of Treasury. Funds are recorded to the Banks's liabilities on the date of transfer. The maturity dates and interest rates of these funds are determined by the public authority by Communiqué on Investment Incentive.

The present foreign funds of the Bank are medium and long term loans from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank and French Development Agency and are recorded to related accounts on the date and with the cost the funds are available to the Bank.

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

The Bank has issued no convertible bonds and debt instruments.

XVIII- Explanations on Shares Issued:

Transaction costs related to share issuance are recognized as expenses.

The Bank has not issued shares in 2011 and 2012.

XIX- Explanations on Bill Guarantees and Acceptances:

Commitments regarding bill guarantees and acceptances of the Bank are presented in the "Off Balance Sheet" commitments.

XX- Explanations on Government Incentives:

There are no government incentives utilized by the Bank in the current and prior period.

XXI- Explanations on Segment Reporting:

Besides investment banking, the sale and purchase of investment funds of the Bank, sale and purchase of government bonds and treasury bills and repurchase agreements and money swaps and forward exchange transactions are conducted by Treasury Department.

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Additionally, investments funds which had been managed by Kalkınma Yatırım Menkul Değerler A.Ş. in Liquidation, a subsidiary of the Bank in receivership, until 31 December 2009 were managed by the Treasury Department of the Bank effective from 17 March 2010 subsequent to receipt of BRSA and management certificate from CMB.

As of 31 December 2012, explanations on segment reporting in line with "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures" are shown below.

Current Period - 31.12.2012	Treasury	Investment Banking	Undistributed ⁽¹⁾	Total Operations of the Bank
OPERATING INCOME/EXPENSE				
Interest income	57.081	110.245	3	167.329
Interest income on loans	-	110.245	-	110.245
Interest income on banks	7.504	-	-	7.504
Interest income on interbank money market placements	21.099	-	-	21.099
Interest income on marketable securities	28.478	-	-	28.478
Other interest income	-	-	3	3
Interest expense	(24.130)	(29.615)	-	(53.745)
Interest expense on borrowings	(2.593)	(26.597)	-	(29.190)
Interest on money market transactions	(21.537)	-	-	(21.537)
Other interest expense	-	(3.018)	-	(3.018)
Net fees and commissions income	(1.093)	5.401	949	5.257
Fees and commissions received	-	5.401	949	6.350
Fees and commissions paid	(1.093)	-	-	(1.093)
Dividend income	-	330	-	330
Trading profit/loss (net)	(1.940)	2.864	-	924
Profit/loss from capital market operations (net)	(1.258)	-	-	(1.258)
Profit/loss from derivative transactions (net)	(1.190)	-	-	(1.190)
Foreign exchange gains/losses (net)	508	2.864	-	3.372
Other operating income	127	18.518	736	19.381
Provisions for losses on loans and other receivables	-	(14.507)	(791)	(15.298)
Other operating expense	-	-	(69.095)	(69.095)
Profit before tax	30.045	93.236	(68.198)	55.083
Tax provision	-	-	(11.453)	(11.453)
Net profit for the period	30.045	93.236	(79.651)	43.630
SEGMENT ASSETS ⁽²⁾	517.051	2.289.780	63.222	2.870.053
Financial assets where fair value through profit and loss	1.122	-	-	1.122
Banks and money market placements	395.887	-	-	395.887
Available for sale financial assets	90.309	-	955	91.264
Loans and receivables	-	2.254.410	-	2.254.410
Investments held to maturity	29.733	-	-	29.733
Associates and subsidiaries	-	19.561	-	19.561
Tangible assets (net)	-	14.000	40.101	54.101
Intangible assets (net)	-	-	784	784
Investment property	-	-	1.153	1.153
Other assets	-	1.809	20.229	22.038
SEGMENT LIABILITIES ⁽²⁾	129.782	2.124.045	616.226	2.870.053
Derivative financial liabilities held for trading	1.096	-	-	1.096
Funds borrowed and funds	47.137	2.101.037	-	2.148.174
Money market balances	81.549	-	-	81.549
Provisions	-	23.008	24.735	47.743
Shareholders' equity	-	-	576.898	576.898
Other liabilities	-	-	14.593	14.593

⁽¹⁾ Income and balance sheet items that cannot be decomposed between treasury and investment banking operations are presented at this column.

⁽²⁾ There is no receivable and payable due to fund transfer between segments.

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Prior Period - 31.12.2011	Treasury	Investment Banking	Undistributed ⁽¹⁾	Total Operations of the Bank
Operating Income/Expense				
Interest income	39.685	90.145	1	129.831
Interest income on loans	-	90.145	-	90.145
Interest income on banks	12.365	-	-	12.365
Interest income on interbank money market placements	388	-	-	388
Interest income on marketable securities	26.932	-	-	26.932
Other interest income	-	-	1	1
Interest expense	(10.722)	(27.613)	-	(38.335)
Interest expense on borrowings	-	(23.178)	-	(23.178)
Interest expense on money market operations	(10.722)	-	-	(10.722)
Other interest expense	-	(4.435)	-	(4.435)
Net fees and commissions income	(237)	5.959	254	5.976
Fees and commissions received	-	5.959	254	6.213
Fees and commissions paid	(237)	-	-	(237)
Dividend income	-	172	-	172
Trading profit/loss (net)	(1.047)	(1.841)	-	(2.888)
Profit/loss from capital market operations (net)	141	-	-	141
Profit/loss from derivative transactions (net)	(1.323)	-	-	(1.323)
Foreign exchange gains/losses (net)	135	(1.841)	-	(1.706)
Other operating income	135	14.292	1.177	15.604
Provisions for losses on loans and other receivables	-	(17.288)	(473)	(17.761)
Other operating expense	-	-	(60.441)	(60.441)
Profit before tax	27.814	63.826	(59.482)	32.158
Tax provision	-	-	(8.397)	(8.397)
Net profit for the period	27.814	63.826	(67.879)	23.761
SEGMENT ASSETS ⁽²⁾ (31.12.2011)	850.116	1.888.187	55.453	2.793.756
Financial assets where fair value through profit and loss	65.343	-	-	65.343
Banks and money market placements	153.272	-	-	153.272
Available for sale financial assets	595.943	-	955	596.898
Loans and receivables	-	1.859.187	-	1.859.187
Investments held to maturity	35.558	-	-	35.558
Associates and subsidiaries	-	14.069	-	14.069
Tangible assets (net)	-	13.547	31.620	45.167
Intangible assets (net)	-	-	852	852
Investment property	-	-	2.416	2.416
Other assets	-	1.384	19.610	20.994
SEGMENT LIABILITIES ⁽²⁾ (31.12.2011)	509.626	1.723.189	560.941	2.793.756
Derivative financial liabilities held for trading	1.410	-	-	1.410
Funds borrowed and funds	-	1.706.554	-	1.706.554
Money market balances	508.216	-	-	508.216
Provisions	-	16.635	20.130	36.765
Shareholders' equity	-	-	528.875	528.875
Other liabilities	-	-	11.936	11.936

⁽¹⁾ Income and balance sheet items that cannot be decomposed between treasury and investment banking operations are presented at this column.

⁽²⁾ There is no receivable and payable due to fund transfer between segments.

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XXII- Explanations on Other Matters:

The General Assembly of year 2011 was carried out on 9 May 2012. In accordance with the decision taken by Board of Directors on 30 March 2012 of the profit for the year 2011 amounting to TRY 23.761 Thousand, TRY 1.188 Thousand is transferred to first degree legal reserves. Remaining TRY 22.573 Thousand is transferred to extraordinary reserves.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I- Explanations related to capital adequacy ratio:

The capital adequacy standard ratio of the Bank is 25,15%.

Beginning from 1 July 2012, capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" (the "Regulation") and "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette dated 28 June 2012 and numbered 28337, and the "Regulation on Equities of Banks" published in the Official Gazette dated 1 November 2006 and numbered 26333.

In capital adequacy standard ratio calculation, based upon the data prepared from accounting records in compliance with the current legislation, the Standard Method is used to calculate capital adequacy for Credit Risk and Market Risk and Basic Indicator Approach is used annually for Operational Risk.

The Bank has not recalculated the prior period's capital adequacy ratio as it is not required in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" which was published in Official Gazette dated 28 June 2012 and numbered 28337.

In calculation of value at credit risk, the Bank assesses credit items in related risk weights by considering risk categories, rating notes and other risk reducing factors under the framework of "Communiqué on Credit Risk Mitigation Techniques".

The non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are calculated based on the "Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables, and Allocation of Provisions" and classified under liabilities. The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Communiqué on Credit Risk Mitigation Techniques" and then included in the relevant risk classification defined in the article 6 and weighted as per Appendix-1 of the Regulation.

As per the article 5 of the Regulation, the "counterparty credit risk" is calculated for repurchase and reverse repurchase agreements.

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	Risk Weights						
	Bank Only						
	0%	20%	50%	75%	100%	150%	200%
Value at Credit Risk	-	45.804	263.404	13.039	1.846.355	578	5.588
Risk Categories	75.661	229.018	526.808	17.385	1.846.355	385	2.794
Conditional and unconditional receivables from central governments or central banks	65.907	-	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	229.018	194.702	-	347.282	-	-
Conditional and unconditional corporate receivables	1.332	-	-	-	1.309.931	-	-
Conditional and unconditional retail receivables	1.122	-	-	17.385	-	-	-
Conditional and unconditional receivables secured by real estate mortgages	268	-	332.106	-	51.540	-	-
Overdue receivables	-	-	-	-	47.962	56	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	329	2.794
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks and brokerage houses and short-term corporate receivables	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Other receivables	7.032	-	-	-	89.640	-	-

(*) There is no credit risk classified under 10% risk weight.

Summary information related to capital adequacy ratio:

	Bank Only
	Current Period (31.12.2012)
Capital Requirement for Credit Risk (Value at Credit Risk *0,08) (CRCR)	173.981
Capital Requirement for Market Risk (MRCR)	3.262
Capital Requirement for Operational Risk (ORCR)	12.433
Shareholders' Equity	596.351
Shareholders' Equity/((CRCR + MRCR + ORCR) *12,5) *100	25,15

(*) Prior period information has not been provided as it is not required in accordance with the Temporary Article 1 of "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks".

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Components of Shareholders' Equity Items:

	Current Period	Prior Period (*)
CORE CAPITAL		
Paid in Capital	160.000	160.000
Nominal Capital	160.000	160.000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	206.074	206.074
Share Premium	1.491	1.491
Share Cancellation Profits	-	-
Legal Reserves	162.419	138.658
Inflation Adjustments to Legal Reserves	-	-
Profit	43.630	23.761
Net profit for the period	43.630	23.761
Retained Earnings	-	-
Provision for Possible Losses (up to 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates	-	-
Primary Subordinated Debts	-	-
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	13	19
Intangible Assets (-)	784	852
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	572.817	529.113
SUPPLEMENTARY CAPITAL		
Generic Provisions	23.008	11.563
45% of Movable Assets Revaluation Fund	-	-
45% of Immovable Assets Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	-	-
Primary Subordinated Debts excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debts	-	-
45% of Securities Value Increase Fund	1.478	(1.109)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	-	-
Total Supplementary Capital	24.486	10.454
CAPITAL	597.303	539.567
DEDUCTIONS FROM CAPITAL	952	561
Unconsolidated Investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (domestic/foreign) Operating in Banking and Financial Sectors at less Than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the Form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired Against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law But Retained more than Five Years	952	561
Securitization Positions to be Deducted from Equity	-	-
Others	-	-
TOTAL SHARE HOLDERS' EQUITY	596.351	539.006

(*) In the table above, some classifications are made to prior period in order to comply with the presentation of the current period which is in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" published in the Official Gazette dated 28 June 2012 and numbered 28337.

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Approaches for assessment of adequacy of internal capital requirements for current and future activities:

The foundation of the assessment of internal capital adequacy and the capital adequacy policy and of the Bank is indicated in "Risk Management Strategies, Policies and Application Principles" which is approved by the Board of Directors in September 2012.

By means of the mentioned document, robust, effective and complete strategies and processes are planned to be constructed for the continuous assessment for the types, components and distribution of the capital which is necessary against current or potential risks that the Bank could be subject to, and maintenance of the current capital.

Accordingly, possible capital needs which might arise in the future are assessed by taking the account of the activities of the Bank in accordance with its own strategies and targets. This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from banking activities besides the market, credit and operational risks directly affecting its legal capital adequacy ratio.

II- Explanations related to credit risk:

The Bank is not subject to the general loan restrictions defined by the Article 54 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 Law.

All loan placements of the Bank are allocated in accordance with legal legislations and reports prepared by Intelligence Unit and Loan Assessment Departments and with approvals of Loan Investment Committee and Board of Directors. Since the placements of the Bank are in the form of project financing, the amount of loan that can be disbursed to a firm is basically determined during project assessment stage and disbursements are made in a controlled manner through monitoring of expenditures.

For loan allocations, sectors are defined in accordance with borrowing conditions. The sectoral distribution of the loan customers is monitored and those distributions are taken into account during placement decisions and goals.

All loans allocated by the Bank are collateralized. Besides suretyships of real persons or companies, real estate and tangible assets mortgages, business company liens, foreign currency notes and other liquid assets, bank guarantee letters comprise loan collaterals.

There is no limitation on daily transactions. However, risk concentration on off- balance sheet is monitored.

The creditworthiness of debtors is monitored periodically in accordance with related legislation. In case of an increase in risk level of borrower, the Bank reviews credit limits and obtains additional guarantee letter if necessary.

Loan monitoring department actively takes part in the measuring, analyzing and monitoring processes in order to determine credit risk level, and reports periodically to Board of Directors, Board of Supervisors and top management.

In accordance with the policies determined in Turkish Accounting Standards ("TAS");

Overdue Loans are the loans that overdue up to 90 days but not impaired. For such loans, "Generic Provisions" are allocated as per the Provisioning Regulation.

Impaired loans; are the loans that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such loans, "Specific Provisions" are allocated as per the Provisioning Regulation.

Within asset-liability management framework, forward and other derivatives are executed by taking legal limits into consideration. Credit risks faced due to those transactions are managed with the other risks arises from market movements. When their percentage in the balance sheet is considered, credit risk beared by the Bank is low. If the credit risk from the derivative product is very high, then the credit risk reducing methods are performed. Currently, the Bank does not have any options.

The Bank allocates generic and specific provisions according to "Regulation on Procedures and Principles for Determination of Qualifications of Loans And Allocation of Provisions". Indemnified non- cash loans are subject to the same risk weight with overdue loans.

Restructured loans whose amortization schedule has changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Bank's credit risk policies. Accordingly, commercial activities of debtors are analyzed and repayments are monitored whether they are in line with the repayments schedules or not and necessary precautions are taken.

The Bank bears low credit risk due to its foreign banking transactions.

a) The Bank's top 100 and 200 cash loan customers compose 95,54% and 99,97% of the total cash loan portfolio, respectively (31 December 2011: 94,91% and 99,91%).

b) The Bank's top 100 and 200 cash and non-cash loan customers compose 77,18% and 80,67% of the total on and off balance sheet assets, respectively (31 December 2011: 65,70% and 69,02%).

c) The Bank's top 100 and 200 non-cash loan customers compose 100% of the total non-cash loans (31 December 2011: 100%).

The generic loan loss provision related with the credit risk beared by the Bank is TRY 23.008 (31 December 2011: TRY 16,635).

Specific provisions and interest accruals are excluded in the calculation of rates above.

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Profile of Significant Risks in Major Regions:

Current Period (31 December 2012)	Risk Categories							
	Conditional and unconditional receivables to central governments or central banks	Conditional and unconditional receivables to banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by real estate property	Overdue receivables	Receivables defined in high risk category by BRSA	Others
Domestic	30.293	609.842	1.482.632	22.503	388.509	48.018	3.123	1
European Union (EU) Countries	-	349	16.000	-	-	-	-	-
OECD Countries (*)	-	30	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	435	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint -Ventures	-	-	-	-	-	-	-	19.561
Unallocated Assets (**)	-	-	-	-	-	-	-	77.110
Total	30.293	610.656	1.498.632	22.503	388.509	48.018	3.123	96.672

(*) Includes OECD countries other than EU countries, USA and Canada

(**) Includes asset and liability items that cannot be allocated on a consistent basis.

(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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Risk Profile by Sectors or Counterparties:

Current Period (31 December 2012)	Conditional and unconditional receivables to central governments or central banks	Conditional and unconditional receivables to banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by real estate property	Overdue receivables	Receivables defined in high risk category by BRSA	Others	TRY	FC	TOTAL
Agriculture	-	-	-	-	7.638	-	-	-	-	7.638	7.638
Farming and Stockbreeding	-	-	-	-	7.638	-	-	-	-	7.638	7.638
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	1.280.707	11.466	306.693	12.886	-	4.411	109.571	1.506.592	1.616.163
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	229.738	9.723	103.540	12.886	-	4.411	41.966	318.332	360.298
Electricity, Gas, Water	-	-	1.050.969	1.743	203.153	-	-	-	67.605	1.188.260	1.255.865
Construction	-	-	-	-	-	1.144	-	-	1.144	-	1.144
Services	30.293	610.656	217.925	9.260	74.178	33.988	-	15.151	458.983	532.468	991.451
Wholesale and Retail Trade	-	-	-	-	-	-	-	3.272	3.272	-	3.272
Accommodation and Dining	-	-	175.138	9.259	57.208	27.443	-	8	139.641	129.415	269.056
Transportation and Telecommunication	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	30.293	610.656	16.000	1	-	-	-	11.871	299.212	369.609	668.821
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	1.545	-	-	-	1.545	-	1.545
Health and Social Services	-	-	26.787	-	15.425	6.545	-	-	15.313	33.444	48.757
Others	-	-	-	1.777	-	-	3.123	77.110	82.010	-	82.010
Total	30.293	610.656	1.498.632	22.503	388.509	48.018	3.123	96.672	651.708	2.046.698	2.698.406

(*)Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	379	505	-	-	29.228
Conditional and unconditional receivables to banks and brokerage houses	243.147	20.174	22.699	35.597	277.510
Conditional and unconditional corporate receivables	12.448	83.191	40.888	69.388	1.292.717
Conditional and unconditional retail receivables	375	1.341	1.169	2.813	16.805
Conditional and unconditional receivables secured by real estate property	9.864	34.733	10.897	40.352	292.663
Overdue receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	158	304	438	822	1.400
Investments similar to collective investment funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	266.371	140.248	76.091	148.972	1.910.323

(*)Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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Information on Risk Categories

For the determination of risk weights for risk classes defined in the article 7 of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", all counter parties are treated as non-rated since no rating agency is authorized by the Bank.

Credit Risk by Risk Weights:

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	Deductions from Equity
Before Credit Risk Mitigation	37.325	-	229.018	370.695	22.503	2.035.686	385	2.794	1.749
After Credit Risk Mitigation	75.661	-	229.018	526.808	17.385	1.846.355	385	2.794	1.749

Information by Major Sectors or Type of Counterparties:

In accordance with the policies determined by Turkish Accounting Standards;

Overdue Loans; are the loans that overdue up to 90 days but not impaired. For such loans, "Generic Provisions" are allocated as per the Provisioning Regulation.

Impaired loans; are the loans that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such loans, "Specific Provisions" are allocated as per the Provisioning Regulation.

Major Sectors	Credit Risks			
	Impaired Loans	Overdue Loans	Value Adjustments	Provisions
Agriculture	-	-	-	-
Farming and Stockbreeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	44.854	729	13	31.968
Mining and Quarrying	-	-	-	-
Production	44.854	727	13	31.968
Electricity, Gas and Water	-	2	-	-
Construction	2.097			953
Services	49.000	5.069	63	15.011
Wholesale and Retail Trade	-	-	-	-
Accommodation and Dining	40.201	5.069	63	12.758
Transportation and Telecommunication	72	-	-	72
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	8.727			2.181
Others	1.269			1.269
Total	97.220	5.798	76	49.201

Information on Movements in Value Adjustments and Provisions:

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Specific Provisions	46.354	8.098	(5.251)	-	49.201
2. Generic Provisions	16.635	6.417	(44)	-	23.008

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Total amount of exposures without considering the effect of credit risk mitigation but after the offsetting process and average value of risks in related period which are decomposed by risk categories and types are presented below:

Risk Categories	Credit Risk in Current Period (*)	Credit Risk on Average (**)
Conditional and unconditional receivables to central governments or central banks	30.293	31.094
Conditional and unconditional receivables to banks and brokerage houses	610.656	495.765
Conditional and unconditional corporate receivables	1.498.632	1.551.026
Conditional and unconditional retail receivables	22.503	19.705
Conditional and unconditional receivables secured by real estate property	388.509	278.532
Overdue receivables	48.018	46.869
Receivables defined in high risk category by BRSA	3.123	4.412
Other receivables	96.672	88.134

(*)Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average credit risk is calculated as the arithmetical average of monthly amounts calculated for the period beginning by the issuance of Regulation on Measurement and Assessment of Capital Adequacy of Banks" until the end of the year.

III- Explanations related to market risk:

Market risk is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette dated 28 June 2012 and numbered 28337 and legally reported.

Besides monthly calculation made as per standard method, market risk is calculated daily as per Value at Risk ("VaR") method and reported to top management. Calculations are made using Historical Simulation method. In order to test the reliability of the VaR model, back tests are performed. Stress tests are also applied in order to reflect the effects of prospective severe market fluctuations in the market parameters on income statement.

In compliance with the "Regulation on Banks' Internal Control and Risk Management Systems" published in the Official Gazette dated 28 June 2012 and numbered 28337, Board of Directors determine risk limits considering the major risks beared by the Bank and revise these limits based the market conditions and the strategies of the Bank.

The reports prepared for the monitoring of the risk limits are regularly submitted to the Board of Directors, Audit Committee and top management.

a) Information related to market risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	260
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Specific Risks of Securitization Positions- Standard Method	-
(IV) Capital Requirement to be Employed For Currency Risk - Standard Method	2.918
(V) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(VI) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VIII) Capital Requirement to be Employed For Counterparty Credit Risks - Standard Method	84
(IX) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(X) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI+VIII)	3.262
(XI) Value-At-Market Risk (12,5 x IX) or (12,5 x X)	40.775

b) Average market risk table calculated at the end of each month during the period

	Current Period		
	Average	Maximum	Minimum
Interest Rate Risk	534	1.010	260
Common Stock Risk	193	580	-
Currency Risk	2.921	3.181	2.593
Commodity Risk	-	-	-
Settlement Risk	-	-	-
Option Risk	-	-	-
Counterparty Credit Risk	16	84	-
Total Value at Risk	3.664	4.855	2.853

(*)In accordance with the change in calculation methodology of value at market risk in the new capital adequacy regulation published in July 2012, the table above is prepared for the period after stated date.

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Information on Counterparty Risk:

For derivative transactions and repurchase agreements, counterparty credit risks are calculated. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the risk amount. The replacement costs are calculated valuing the contracts at their fair values. The potential credit risks are calculated multiplying the contract amounts with the credit conversion factors set in the appendix of the regulation.

Quantitative Information on Counterparty Risks	Amount
Interest Rate Contracts	-
Foreign Exchange Rate Contracts	1.749
Commodity Contracts	-
Equity Shares Related Contracts	-
Others	-
Gross Positive Fair Values	1.749
Netting Benefits	-
Net Current Exposure Amount	1.749
Collaterals Received	-
Net Derivative Position	1.749

IV- Explanations related to operational risk:

Value at operational risk is calculated as per standard method within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette dated 28 June 2012 and numbered 28337 and legally reported. Two and a half times of average of fifteen percent of the Bank's gross profit in recent three years is considered as value at operational risk.

The annual gross income is composed of net interest income by adding net fees and commissions income, dividend income from shares except for the subsidiaries and associates, net trading income/(expense) and other operating income and after deducting realized gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income, operating expenses due to support services and income derived from insurance claims at year-end.

Basic Indicator Method:

	31.12.2009	31.12.2010	31.12.2011	Total/No. Of Years of Positive Gross Income	Rate (%)	Total
Gross Income	82.433	70.498	95.720	82.884	15	12.433
Value at Operational Risk (Total*12,5)						155.407

V- Explanations related to currency risk:

Standard Method stated in the statutory reporting is used to measure the currency risk of 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 currency risk (including foreign currency based assets and liabilities).

The Bank has no hedge instruments against foreign exchange debt instruments and net foreign exchange investments.

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

Foreign exchange buying rates announced by the Bank on the financial statements date and the previous five working days are as follows:

Date	USD	EURO	100 JPY
31/12/2012	1,77430	2,33750	2,07080
28/12/2012	1,77780	2,35130	2,07280
27/12/2012	1,78200	2,35300	2,08710
26/12/2012	1,78050	2,34470	2,10160
25/12/2012	1,78460	2,35010	2,11350
24/12/2012	1,78390	2,34870	2,12120

The simple arithmetic average value of the foreign exchange buying rates of the Bank for the thirty days before the balance sheet date are; USD: 1,77515 TL, EURO: 2,32220 TRY, 100 JPY: 2,12710 TRY.

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Information on the currency risk of the Bank:

	EURO	USD	Other FC ⁽¹⁾	Total
Current Period (31.12.2012)				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	865	38.342	173	39.380
Financial assets where fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets available for sale		199		199
Loans	1.262.594	682.287	12.434	1.957.315
Subsidiaries, associates and jointly controlled entities (joint ventures)	5.513	-	-	5.513
Investments held to maturity	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other assets ⁽⁴⁾	632	1.188		1.820
Total assets	1.269.604	722.016	12.607	2.004.227
Liabilities				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1.320.905	769.118	11.068	2.101.091
Marketable securities issued	-	-	-	-
Sundry creditors	1.416	405	-	1.821
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	82	227		309
Total liabilities	1.322.403	769.750	11.068	2.103.221
Net balance sheet position	(52.799)	(47.734)	1.539	(98.994)
Net off-balance sheet position	33.426	48.439	-	81.865
Assets on derivative instruments	35.062	49.326	-	84.388
Liabilities on derivative instruments	1.636	887	-	2.523
Non-cash loans	11.942	45.039	-	56.981
Prior Period (31.12.2011)				
Total assets	1.089.604	452.501	16.758	1.558.863
Total liabilities	1.110.141	513.661	17.058	1.640.860
Net balance sheet position	(20.537)	(61.160)	(300)	(81.997)
Net off-balance sheet position	17.880	42.825	-	60.705
Assets on derivative instruments	17.880	42.825	-	60.705
Liabilities on derivative instruments	-	-	-	-
Non-cash loans	1.181	77.617	-	78.798

(1) Of the foreign currencies presented in the other FC column of assets, 98,63% is ID, 0,26% is GBP, 0,64% is CHF and 0,47% is JPY. Of the foreign currencies presented in the other FC column of liabilities is ID.

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Currency Risk Sensitivity:

The following table presents the Bank's currency sensitivity to a 10% change in the USD and EUR.

	Increase in exchange rates	Effect on Profit/Loss (*)		Effect on Capital	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	71	(1.834)	-	-
EURO	10	(1.937)	(266)	-	-
Others	10	154	(30)	-	-

	Decrease in exchange rates	Effect on Profit/Loss (*)		Effect on Capital	
	%	Current Period	Prior Period	Current Period	Prior Period
USD	10	(71)	1.834	-	-
EURO	10	1.937	266	-	-
Others	10	(154)	30	-	-

(*) Indicates the values before tax.

VI- Explanations related to interest rate risk:

The Bank's basic principle in the interest rate risk management policy is to provide alignment by parallelism between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment material is respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, then interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the source and the uses. Other loans in the portfolio are financed by the equity of the Bank.

Within the framework of the Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in market interest are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Bank monitors and controls whether interest-sensitive assets are within the determined limits.

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Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

Current Period (31.12.2012)	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	319	319
Banks ⁽¹⁾	236.750	17.821	-	-	-	6.646	261.217
Financial assets where fair value through profit and loss	1.046	43	15	-	-	18	1.122
Money market placements	134.670	-	-	-	-	-	134.670
Financial assets available for sale ⁽³⁾	21.705	48.782	5.082	10.812	-	4.883	91.264
Loans ⁽²⁾	1.189.589	297.837	535.785	54.630	128.550	48.019	2.254.410
Investments held to maturity	29.733	-	-	-	-	-	29.733
Other assets ⁽⁴⁾	-	-	-	-	-	97.318	97.318
Total Assets	1.613.493	364.483	540.882	65.442	128.550	157.203	2.870.053
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	81.549	-	-	-	-	-	81.549
Sundry creditors	-	-	-	-	-	5.232	5.232
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	635.792	517.153	927.355	39.352	28.522	-	2.148.174
Other liabilities ⁽⁴⁾	-	-	-	-	-	635.098	635.098
Total liabilities	717.341	517.153	927.355	39.352	28.522	640.330	2.870.053
Long position on balance sheet	896.152	-	-	26.090	100.028	-	1.022.270
Short position on balance sheet	-	(152.670)	(386.473)	-	-	(483.127)	(1.022.270)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
Total position	896.152	(152.670)	(386.473)	26.090	100.028	(483.127)	-

(1) Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-interest Bearing" columns.

(2) Net balance of non-performing loans is shown in "Non-interest Bearing" column.

(3) Securities representing a share in capital and investment funds are shown in "Non-interest Bearing" column.

(4) Deferred tax asset, shareholders' equity and other non-interest bearing assets and liabilities are shown in "Non-interest Bearing" column.

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Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

Prior Period (31.12.2011)	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	168	168
Banks ⁽¹⁾	140.006	-	-	-	-	13.266	153.272
Financial assets where fair value through profit and loss	31.770	7.003	25.704	866	-	-	65.343
Money market placements	-	-	-	-	-	-	-
Financial assets available for sale ⁽³⁾	170.933	72.485	311.456	37.486	-	4.538	596.898
Loans ⁽²⁾	708.288	162.236	744.515	72.421	123.417	48.310	1.859.187
Investments held to maturity	35.558	-	-	-	-	-	35.558
Other assets ⁽⁴⁾	-	-	-	-	-	83.330	83.330
Total Assets	1.086.555	241.724	1.081.675	110.773	123.417	149.612	2.793.756
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	508.216	-	-	-	-	-	508.216
Sundry creditors	-	-	-	-	-	4.945	4.945
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	509.446	420.582	698.578	50.598	27.350	-	1.706.554
Other liabilities ⁽⁴⁾	-	-	-	-	-	574.041	574.041
Total liabilities	1.017.662	420.582	698.578	50.598	27.350	578.986	2.793.756
Long position on balance sheet	68.893	-	383.097	60.175	96.067	-	608.232
Short position on balance sheet	-	(178.858)	-	-	-	(429.374)	(608.232)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
Total position	68.893	(178.858)	383.097	60.175	96.067	(429.374)	-

(1) Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-interest Bearing" columns.

(2) Net balance of non-performing loans is shown in "Non-interest Bearing" column.

(3) Securities representing a share in capital and investment funds are shown in "Non-interest Bearing" column.

(4) Deferred tax asset, shareholders' equity and other non-interest bearing assets and liabilities are shown in "Non-interest Bearing" column.

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

Current Period (31.12.2012)	EURO	USD	JPY	TRY
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,29		6,21
Financial assets where fair value through profit and loss	-	-	-	9,39
Money market placements	-	-	-	6,10
Financial assets available for sale	-	3,18	-	8,71
Loans	3,59	3,24	-	11,34
Investments held to maturity	-	-	-	7,87
Liabilities				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	3,69
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	1,11	1,01		6,82

(*) Rates shown in the table are calculated by using the annual domestic interest rates.

Period (31.12.2011)	EURO	USD	JPY	TRY
Assets	-	-	-	-
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	-	-	11,77
Financial assets where fair value through profit and loss	-	-	-	7,97
Money market placements	-	-	-	-
Financial assets available for sale	-	-	-	9,10
Loans	4,16	2,96	-	12,86
Investments held to maturity	-	-	-	8,95
Liabilities				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	5,75
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	2,03	1,00	-	6,74

(*) Rates shown in the table are calculated by using the annual domestic interest rates.

Interest rate risk on banking book:

Bank calculates the interest rate risk on banking book according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" and reports to BRSA monthly.

Interest Rate Risk on Banking Book report includes Receivables from Central Bank, Money Market Placements, Receivables from Banks, Available for Sale Financial Assets (excluding government bonds), Receivables from Reverse-repo, Loans and Receivables, Investments Held to Maturity and Other Receivables in the asset side, and Payables to Central Bank, Money Market Borrowings, Payables to Banks, Repos, Issued Bonds; Borrowings, Subordinated Debt and Other Payables on the liabilities side.

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Economic value differences due to the interest rate instabilities calculated according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" are presented below for each currency.

Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity - Losses/Equity
1 TRY	(+) 500	(33.286)	(5,6)%
2 TRY	(-) 400	32.942	5,5%
3 EUR	(+) 200	23.224	3,9%
4 EUR	(-) 200	(31.736)	(5,3)%
5 USD	(+) 200	32.639	5,5%
6 USD	(-) 200	(50.626)	(8,5)%
Total (of negative shocks)		(49.420)	(8,2)%
Total (of positive shocks)		22.577	3,8%

Position risk of equity securities in banking book:

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
1 Available-for-Sale Financial Assets	955	-	-
Quoted securities	-	-	-
2 Associates	13.204	-	-
Quoted securities	-	-	-
3 Subsidiaries	6.357	-	-
Quoted securities	-	-	-

VII- Explanations related to liquidity risk

In the Bank, liquidity risk management is performed through proforma cash flows. These cash flows are prepared using forecasted data considering the maturity structure of assets and liabilities. The proforma cash flows includes information required to determine liquidity needs (if any) that would arise in the coming periods and/or extraordinary situations, alternative liquidity sources and placement areas. During preparation of projections for future cash flows based on these information, liquidity risk exposure of the Bank is measured using different scenarios (for example, credit collection ratios).

Besides, monthly proforma cash flows related to coverage ratios for medium and long term liabilities and balance sheet durations are monitored continuously in order to identify risk factors in advance. In the case situations creating risk are present; initiatives are taken by related departments to eliminate this situation. In order to evaluate the effects of negative developments at the parameters that affect the financial strength of the Bank to operations and market risks, it is essential to apply stress tests and to use the results within the Bank's strategic decision making process.

Liquidity risk may arise as the most important risk factor when structural problem caused by disbursement of long-term loans using short term borrowings is coupled with a financial crisis. Since the Bank is an investment and development bank and does not accept deposits, unlike the other banks in the system, facing the risk of liquidity crisis due to deposit withdrawals as a result of adverse events in the market is eliminated. Analyzing the structure of the Bank's assets and borrowings, loans provided by international financial institutions consists of medium and long-term loans with floating interest rate, and these funds are disbursed by taking into account the re-pricing period. Balance sheet mainly consists of loans that, given the impact of interest rate shocks on the profitability is thought to be limited to a portfolio of liquid assets and liabilities. In addition, the share of the equity in liabilities thus released funds is high and it makes the Bank advantageous in the liquidity risk management. Assessment of maturity/yield alternatives for the placement of liquidity surplus and maturity/cost alternatives to meet liquidity needs is the basic principle of the Bank liquidity management.

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According to "Regulation on Measurement and Assessment of Liquidity Adequacy of Banks", weekly and monthly calculated foreign currency ratios are required to be 80%, total liquidity adequacy ratios are required to be 100% at minimum, respectively. Foreign currency adequacy ratio refers to ratio of foreign currency assets to foreign currency liabilities, whereas, total liquidity adequacy ratio refers to ratio of total assets to total liabilities. The maximum, minimum and average liquidity ratios calculated in the year 2011 and 2010 are presented below in comparison with prior period.

Current Period (31.12.2012)	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TRY	FC	FC + TRY
Average (%)	177,60	250,59	178,41	253,33
Maximum (%)	375,32	698,73	425,07	687,88
Minimum (%)	101,52	132,09	103,41	128,82

Prior Period (31.12.2011)	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TRY	FC	FC + TRY
Average (%)	167,17	180,68	129,94	175,00
Maximum (%)	1.244,90	292,54	315,12	289,15
Minimum (%)	80,69	126,65	76,24	136,15

Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
Current Period (31.12.2012)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	319	-	-	-	-	-	-	319
Banks	6.646	236.750	17.821	-	-	-	-	261.217
Financial assets at fair value through profit and loss	-	49	43	15	1.015	-	-	1.122
Money market placements	-	134.670	-	-	-	-	-	134.670
Financial assets available-for-sale	4.883	1.119	49.438	5.082	26.098	4.644	-	91.264
Loans	-	22.846	121.893	208.640	1.086.088	766.924	48.019	2.254.410
Investments held to maturity	-	505	-	-	29.228	-	-	29.733
Other assets	-	-	-	-	-	-	97.318	97.318
Total assets	11.848	395.939	189.195	213.737	1.142.429	771.568	145.337	2.870.053
Liabilities								
Interbank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds provided from other financial instruments	-	121.836	60.403	60.687	525.000	1.380.080	168	2.148.174
Money market borrowings	-	81.549	-	-	-	-	-	81.549
Marketable securities issued	-	-	-	-	-	-	-	-
Sundry creditors	5.232	-	-	-	-	-	-	5.232
Other liabilities ⁽³⁾	-	2.022	4.338	-	-	-	628.738	635.098
Total liabilities	5.232	205.407	64.741	60.687	525.000	1.380.080	628.906	2.870.053
Liquidity Gap	6.616	190.532	124.454	153.050	617.429	(608.512)	(483.569)	-
Prior Period (31.12.2011)								
Total Assets	17.972	519.587	109.678	462.205	875.961	676.713	131.640	2.793.756
Total Liabilities	4.945	612.461	57.671	88.137	409.350	1.051.437	569.755	2.793.756
Liquidity Gap	13.027	(92.874)	52.007	374.068	466.611	(374.724)	(438.115)	-

(1) Assets which are required for banking operations and could not be converted into cash in short-term, such as; tangible assets, associates, subsidiaries, office supply inventory, prepaid expenses and non-performing loans; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

(2) Deferred tax asset is included under the "Undistributed" column.

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In compliance with the Turkish Financial Reporting Standard No: 7, the following table indicates the maturities of the Bank's major financial liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The balances of the related liabilities in balance sheet do not include these amounts.

Current Period (31.12.2012)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
Liabilities							
Funds provided from other financial institutions	125.626	62.527	76.062	590.462	1.463.958	(170.461)	2.148.174
Money market borrowings	81.574	-	-	-	-	(25)	81.549
Total	207.200	62.527	76.062	590.462	1.463.958	(170.486)	2.229.723
Prior Period (31.12.2011)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
Liabilities							
Funds provided from other financial institutions	105.874	62.813	111.358	485.545	1.136.823	(195.859)	1.706.554
Money market borrowings	508.253	-	-	-	-	(37)	508.216
Total	614.127	62.813	111.358	485.545	1.136.823	(195.896)	2.214.770

The following table shows non-cash loans according to remaining maturities.

Current Period (31.12.2012)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letter of Credit	-	-	58	32.849	24.074	-	56.981
Endorsement	-	-	-	-	-	-	-
Letter of Guarantee	46	-	-	-	-	-	46
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	46		58	32.849	24.074	-	57.027
Prior Period (31.12.2011)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letter of Credit	-	56	-	1.182	77.560	-	78.798
Endorsement	-	-	-	-	-	-	-
Letter of Guarantee	46	-	-	-	-	-	46
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	46	56	-	1.182	77.560	-	78.844

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The following table shows the outstanding maturities of derivative financial assets and liabilities as of 31 December 2012.

Current Period (31.12.2012)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards contracts - buy	2.543	-	-	-	-	2.543
Forwards contracts - sale	2.523	-	-	-	-	2.523
Swaps - buy	84.388	-	-	-	-	84.388
Swaps - sale	85.425	-	-	-	-	85.425
Futures - buy	-	-	-	-	-	-
Futures - sale	-	-	-	-	-	-
Options - buy	-	-	-	-	-	-
Options - sale	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	174.879	-	-	-	-	174.879

Prior Period (31.12.2011)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards contracts - buy	4.264	241	-	-	-	4.505
Forwards contracts - sale	4.325	247	-	-	-	4.572
Swaps - buy	56.200	-	-	-	-	56.200
Swaps - sale	57.466	-	-	-	-	57.466
Futures - buy	-	-	-	-	-	-
Futures - sale	-	-	-	-	-	-
Options - buy	-	-	-	-	-	-
Options - sale	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	122.255	488	-	-	-	122.743

Explanations related to securitization positions:

None.

Explanations related to credit risk mitigation techniques:

Credit risk mitigation techniques:

The Bank does not apply any netting process on balance sheet and off balance sheet items. Assessment and management of collaterals is made according to "Communiqué on Credit Risk Mitigation Techniques". Major risk mitigators that are used in credit mitigation process are financial collaterals (cash) and guarantees (Turkish Treasury and banks). Cash collaterals are revaluated as of reporting date and are taken into account for the credit risk mitigation. In case of presence of guarantee letter from other institutions for a loan customer, credit risk of the institutions who give guarantee are taken into consideration in the credit risk mitigation process. Standard volatility adjustments are taken into account for the risk mitigation effect of collaterals regarding to portfolios in which comprehensive approach is used.

Collaterals by Risk Groups:

Risk Categories	Amount (*)	Financial Collateral	Other/Physical Collateral	Guaranties and Credit Derivatives
Conditional and unconditional corporate receivables	2.231.934	1.332	-	187.369
Conditional and unconditional retail receivables	37.396	1.122	-	3.996
Conditional and unconditional receivables secured by real estate mortgages	403.871	268	-	4.595
Total	2.673.201	2.722	-	195.960

(*)Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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Risk management objectives and policies:

Risk management activities of the Bank are performed under the responsibility of Board of Directors and in accordance with "Regulation on Banks' Internal Systems" published in the Official Gazette numbered 28337 and dated 28 June 2012. Top management is responsible against Board of Directors for monitoring and management of risks. In addition, departments included in the Internal Systems, namely Internal Control Department, Risk Monitoring Department and Board of Inspection transact their responsibilities independently from the executive departments.

The general risk principles followed by the bank can be defined as including the following activities: specializing in activities in accordance with its mission, vision and its structure defined in its settlement law, taking definable, monitorable and/or manageable risks accordingly, avoiding risks other than the ones unavoidable due to the main activities. Within this scope, fundamental principle is taking risks which are defined and manageable. Additionally, current and future potential effects of the risks currently taken are measured to the extent possible by the risk measurement and reporting techniques and it is continued to be performed accordingly.

The Bank actively uses committees and risk budgeting in its decision and risk management processes. In the Bank, risk management is performed by Asset Liability Committee and Loan Investment Committee. Asset Liability Committee sets risk policies for liquid assets and foreign currency position of the Bank, whereas Loan Investment Committee sets the principals for credit risk.

Considering the best practices, the Bank executes measuring, monitoring activities, testing and scenario analysis confirming with the volume, character and complexity of transactions, within the legal regulations and limits of the authority, and provides reporting to top management.

VIII- Explanation related to presentation of financial assets and liabilities at fair value

In the determination of fair values of financial assets and liabilities, discounted balances which are calculated considering outstanding maturities, are considered. Publicly traded securities are subject to valuation with daily weighted average price on the balance sheet date on the basis of the market price in accordance with Financial Instruments Accounting Standard (TAS 39).

	Book Value (*)		Fair Value	
	Current Period (31.12.2012)	Prior Period (31.12.2011)	Current Period (31.12.2012)	Prior Period (31.12.2011)
Financial Assets	2.771.294	2.644.915	2.705.346	2.655.961
Banks (**)	261.217	153.272	261.217	153.272
Money markets placements (**)	134.670	-	134.670	-
Financial assets available for sale	91.264	596.898	91.264	596.898
Held to Maturity Investment	29.733	35.558	29.555	34.978
Loans	2.254.410	1.859.187	2.188.640	1.870.813
Financial Liabilities	2.153.406	1.711.499	2.168.835	1.726.734
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	2.148.174	1.706.554	2.163.603	1.721.789
Marketable securities issued	-	-	-	-
Sundry creditors	5.232	4.945	5.232	4.945

(*) Financial assets and liabilities presented above include interest accruals.

(**) Book value of banks balance is very close to its fair value

Methods and estimations used for the fair value determination of financial instruments which are not presented with their fair values in financial statements:

i- For the fair value determination of loans, interest rates as of balance sheet date are considered.

ii- For the fair value determination of banks, interest rates as of balance sheet date are considered

iii- For the fair value determination of investments held-to-maturity, market prices as of balance sheet date are considered.

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Information on fair value measurements recognized in the financial statements

TFRS 7 "Financial Instruments: Disclosures" standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

Current Period (31.12.2012)	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	1.104	18	-
Debt securities	1.104	-	-
Share certificates	-	-	-
Derivative financial assets held for trading	-	18	-
Other	-	-	-
Financial assets available-for-sale*	90.309	-	-
Debt securities	86.381	-	-
Other	3.928	-	-
Investment in subsidiaries and associates **	-	-	-
Derivative financial liabilities	-	1.096	-

(*) Since they are not traded in an active market, share certificates (TRY 955 Thousand) under financial assets available-for-sale are shown in the financial statements with their acquisition costs, therefore not included in the table.

(**) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost within the framework of TAS 39, these companies are not included in the table.

Prior Period (31.12.2011)	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	65.343	-	-
Debt securities	65.343	-	-
Share certificates	-	-	-
Derivative financial assets held for trading	-	-	-
Other	-	-	-
Financial assets available-for-sale*	595.943	-	-
Debt securities	592.360	-	-
Other	3.583	-	-
Investment in subsidiaries and associates **	-	-	-
Derivative financial liabilities	-	1.410	-

(*) Since they are not traded in an active market, share certificates (TRY 955 Thousand) under financial assets available-for-sale are shown in the financial statements with their acquisition costs, therefore not included in the table.

(**) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost within the framework of TAS 39, these companies are not included in the table.

In the current period, there is no transition between Level 1 and Level 2.

IX- Explanations related to transactions made on behalf and account of others, fiduciary transactions:

The Bank acts as an intermediary for purchases and sales of securities on behalf of others and provides custody services. Besides, the Bank acts as an intermediary for implementation of tourism and infrastructure investments on behalf of Republic of Turkey Ministry of Culture and Tourism.

The Bank has no fiduciary transactions.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I- Explanations and Notes Related to Assets:

1.a) Information on cash and balances with the Central Bank of the Republic of Turkey:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Cash and foreign currency	138	-	129	-
Central Bank of the Republic of Turkey	181	-	39	-
Other	-	-	-	-
Total	319	-	168	-

1.a.1) Information on required reserve deposits:

Since the Bank is not authorized to accept deposits, it is not subject to Central Bank of the Republic of Turkey's Communiqué No: 2005/1 "Required Reserves".

1.b) Information on the account of Central Bank of the Republic of Turkey:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	181	-	39	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	181	-	39	-

2.a) Information on financial assets at fair value through profit and loss given as collateral or blocked and subject to repurchase repurchase agreement (Net):

2.a.1) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	-	-	118	-
Other	-	-	-	-
Total	-	-	118	-

2.a.2) Financial assets at fair value through profit and loss given as collateral or blocked:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	1.046	-	60.816	-
Other	-	-	-	-
Total	1.046	-	60.816	-

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

Derivative financial assets held-for-trading	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Forward Transactions	18	-	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	18	-	-	-

3.a) Information on banks:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Banks				
Domestic	221.837	38.565	149.183	2.262
Foreign	-	815	-	1.827
Foreign Head Office and Branches	-	-	-	-
Total	221.837	39.380	149.183	4.089

3.b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2012)	Prior Period (31.12.2011)	Current Period (31.12.2012)	Prior Period (31.12.2011)
EU Countries	406	1.527	-	-
USA and Canada	379	265	-	-
OECD Countries (*)	30	35	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	815	1.827	-	-

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

4) Information on financial assets available-for-sale:

4.a.1) Financial assets available-for-sale subject to repurchase agreements:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	55.443	-	512.587	-
Other	-	-	-	-
Total	55.443	-	512.587	-

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4.a.2) Information on financial assets available-for-sale given as collateral or blocked:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	25.696	-	9.539	-
Other	-	-	-	-
Total	25.696	-	9.539	-

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

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Debt Securities	90.309	596.341
Quoted on a stock exchange (*)	90.309	596.341
Unquoted	-	-
Share Certificates	13.046	13.046
Quoted on a stock exchange	-	-
Unquoted	13.046	13.046
Provision for impairment (-)	12.091	12.489
Total	91.264	596.898

(*)Available-for-sale financial assets amounting to TRY 3.928 Thousand (2011: TRY 3.583 Thousand) which are classified as "Other securities" at balance sheet, consists of investment funds.

5. Information on loans:

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

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4.897	-	5.106	-
Total	4.897	-	5.106	-

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5.b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Non-specialized loans	1.901.453	-	13.495	54.361	-	6.436
Discount notes	102.360	-	1.966	256	-	-
Export loans	-	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	338.128	-	-	-	-	-
Consumer loans	4.897	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Other	1.456.068	-	11.529	54.105	-	6.436
Specialized loans	207.441	-	9.096	43.136	-	14.265
Other receivables	-	-	-	-	-	-
Total	2.108.894	-	22.591	97.497	-	20.701

(*) As of 31 December 2012, there is no restricted and rescheduled loan.

5.c) Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short term loans and other receivables	93.348	-	-	-
Non-specialized loans	93.348	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long term loans and other receivables	1.992.955	22.591	76.796	20.701
Non-specialized loans	1.794.610	13.495	47.925	6.436
Specialized loans	198.345	9.096	28.871	14.265
Other receivables	-	-	-	-

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

	Short Term	Medium and Long Term	Total
Consumer Loans- TRY	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards- FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans- TRY	-	4.897	4.897
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	4.897	4.897
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	-	4.897	4.897

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

The Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

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5.e) Loans according to type of borrowers:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Public	29.412	39.770
Private	2.176.979	1.771.107
Total	2.206.391	1.810.877

5.f) Breakdown of domestic and international loans:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Domestic loans	2.206.391	1.810.877
International loans	-	-
Total	2.206.391	1.810.877

5.g) Loans granted to subsidiaries and associates:

TRY 1.223 Thousand of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed at Group V. For this loan, TRY 1.026 Thousand special provision has been provided.

5.ğ) Specific provisions provided against loans:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Loans and other receivables with limited collectability	3	1.067
Loans and other receivables with doubtful collectability	-	323
Uncollectible loans and receivables	49.198	44.964
Total	49.201	46.354

5.h) Information on non-performing loans (net):

5.h.1) Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Group: Loans and Other Receivables With Limited Collectability	IV. Group: Loans and Other Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period (31.12.2012)			19.662
(Gross amounts before specific provisions)	-	-	-
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	19.662
Prior Period (31.12.2011)	3.670	448	8.128
(Gross amounts before specific provisions)	-	-	-
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	3.670	448	8.128

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5.h.2) Information on the movement of non-performing receivables:

	III. Group Loans and Other Receivables With Limited Collectability	IV. Group Loans and Other Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Prior period end balance	21.345	2.581	70.738
Additions (+)	9.157	39	655
Transfer from other categories of non-performing loans (+)	-	19.520	32.579
Transfer to other categories of non-performing loans (-)	(29.959)	(22.140)	-
Collections (-)	(484)	-	(6.811)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	59	-	97.161
Specific provisions (-)	(3)	-	(49.198)
Net balance on balance sheet	56	-	47.963

5.h.3) Information on foreign currency non-performing loans:

In accordance with the third section of Communiqué on Turkish Uniform Chart of Accounts and its Explanations "Receivables to be Refined, Fees, Commissions and Receivables with Doubtful Collectability and Uncollectible Loans and Receivables", the Bank translates the foreign currency loans to Turkish Lira with the exchange rates on the day of classification to non-performing loan accounts and follow in these TRY balances.

5.h.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group Loans and Other Receivables With Limited Collectability	IV. Group Loans and Other Receivables With Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period (Net) (31.12.2012)	56	-	47.963
Loans to Real Persons and Legal Entities (Gross)	59	-	97.161
Specific Provisions (-)	(3)	-	(49.198)
Loans to Real Persons and Legal Entities (Net)	56	-	47.963
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net) (31.12.2011)	20.278	2.258	25.774
Loans to Real Persons and Legal Entities (Gross)	21.345	2.581	70.738
Specific Provisions (-)	(1.067)	(323)	(44.964)
Loans to Real Persons and Legal Entities (Net)	20.278	2.258	25.774
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

5.h.5) Aging analysis of post due but not impaired loans per classes of financial statements:

Current Period (31.12.2012)	0-30 Days	31-60 Days	61-90 Days	Total
Loans				
Corporate Loans	335	195	199	729
Consumer Loans	-	-	-	-
Specialized Loans	4.730	1	338	5.069
Total	5.065	196	537	5.798

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Prior Period (31.12.2011)	0-30 Days	31-60 Days	61-90 Days	Total
Loans				
Corporate Loans	1.148	3	1.012	2.163
Consumer Loans	-	-	-	-
Specialized Loans	337	16	-	353
Total	1.485	19	1.012	2.516

Net Value of Collaterals of Loans Under Close Monitoring, Collateral Type and Risk Mapping

Type of collateral	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real Estate Mortgages (*)	33.093	33.093	33.817	33.817
Vehicle Pledges	-	-	-	-
Cash Collateral (Cash, Marketable Securities, etc.)	64.404	64.404	-	-
Pledge on wages	-	-	-	-
Cheque/Notes	-	-	-	-
Other suretyship, commercial enterprise pledge, commercial papers etc.)	-	-	-	-
Non-collateralized	-	-	-	-
Total	97.497	97.497	33.817	33.817

(*)Net values of collaterals are stated at the lower of appraisal value and mortgage value. When the collateral value exceeds the credit risk loan balance, credit risk loan balance is presented.

Net Value of Collaterals of Non-performing Loans, Collateral Types and Risk Mapping

Type of collateral	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real Estate Mortgages (*)	97.220	97.220	94.664	94.664
Cash collateral	-	-	-	-
Vehicle Pledges	-	-	-	-
Other (suretyship, commercial enterprise pledge, commercial papers etc.)	103.129	-	103.132	-
Total	200.349	97.220	197.796	94.664

(*)Net values of collaterals are stated at the lower of appraisal value and mortgage value. When the collateral value exceeds the credit risk loan balance, credit risk loan balance is presented.

(**) As collateral, real estate mortgages has been obtained for loans. In addition to the existing collateral, commercial enterprise pledge has been obtained for loans amounting to TRY 23.121 Thousand.

5.i) Main principles of liquidating non-performing loans and other receivables:

In case collaterals complying with Article 9 of the "Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables, and Allocation of Provisions" are present, liquidation of receivables are realized by converting collaterals into cash immediately as a result of either administrative or legal procedures

In the case collaterals are not present; the Bank is engaged in intense intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to production; the Bank tries to make collections through rescheduling the payment terms.

5.i) Explanations on write-off policy:

Uncollectible loans or receivables are written-off with the decision of Board of Directors, after the date 100% provision is set considering the collaterals using the rates determined in the related communiqué, when they are deemed impossible to collect in accordance with a convincing document or a court order. In the current period, there has been no receivable written-off. In 2011, TRY 3.561 Thousand was written-off.

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6. Information on held-to-maturity investments:

6.a) Information on comparative net values of held-to-maturity investments subject to repurchase agreements and given as collateral or blocked:

a.1) Held-to-maturity investments subject to repurchase agreements:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Government Bonds	26.317	1.704
Treasury bills	-	-
Other public sector debt securities	-	-
Total	26.317	1.704

a.2) Held-to-maturity investments given as collateral or blocked:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Government Bonds	3.086	-
Treasury bills	-	-
Other public sector debt securities	-	-
Total	3.086	-

6.b) Information on held-to-maturity debt securities:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Government Bonds	29.733	29.858
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	29.733	29.858

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

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Debt Securities	29.733	35.558
Quoted on a stock exchange	29.733	35.558
Unquoted	-	-
Provision for impairment (-)	-	-
Total	29.733	35.558

6.c) Movement of held-to-maturity investments:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Balance at the beginning of the period	35.558	51.411
Foreign currency differences on monetary assets	-	-
Purchases during the year (*)	20.335	69.678
Disposals through sales and redemptions (*)	(26.160)	(85.531)
Provision for impairment (-)	-	-
Balance at the end of the period	29.733	35.558

(*) Purchases during the year includes interest accrual differences equal to TRY 1.885 Thousand (31.12.2011: TRY 3.244 Thousand) and disposals during the year includes interest accrual differences equal to TRY 2.097 Thousand (31.12.2011: TRY 6.137 Thousand).

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7. Information on associates (net):

7.a. Information on associates:

Description	Address (City/Country)	The Bank's share percentage-if different voting percentage (%)	The Bank's risk group share percentage (%)
1 Maksan A.Ş.	Malatya	20,00	31,14
2 Teşebbüs Destekleme Ajansı (*)	Ankara	-	20,00
3 Türk Suudi Holding A.Ş.	İstanbul	10,00	24,69
4 Türsan (*)	Mardin	-	17,84
5 Yozgat Otelcilik A.Ş.	Yozgat	20,00	3,75
6 İstanbul Risk Sermayesi Girişimi	Luxemburg	11,11	6,25

(*) Türsan and Teşebbüs Destekleme Ajansı Ltd. are inactive.

7.b. Financial statement information of associates as sorted in (7.a) :

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Income From Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value (*)
1	24.358	14.165	2.371	69	-	1.796	461	-
2	-	-	-	-	-	-	-	-
3	13.258	13.255	147	433	-	(608)	1.692	-
4	-	-	-	-	-	-	-	-
5	214	212	170	1	-	4	(30)	-
6	88.548	88.213	-	2	-	(4.524)	(3.626)	-

(*) As of balance sheet date, valuation of associates are not available, therefore fair values could not be reliably determined.

(**) The information of Maksan A.Ş., Türk Suudi Holding A.Ş., Yozgat Otelcilik A.Ş. and İstanbul Venture Capital Initiative are provided from the unaudited financial statements as of 30 September 2012. Capital commitment of İstanbul Venture Capital ("IVCI") is EUR 160 Million and the Bank's capital commitment is EUR 10 Million. The Bank has made EUR 3.155.050 capital payment. Prior period information is provided from financial statements as of 30 September 2011.

(***) Teşebbüs Destekleme Ajansı and Türsan are inactive.

(****) The liquidation process of the firm is expected to be finalized in 2013.

7.c. Movement of associates:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Balance at the beginning of the period	8.031	6.415
Movements during the period	5.173	1.616
Additions (*)	4.004	1.423
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-)/Cancellation of provision	1.169	193
Balance at the end of the period	13.204	8.031
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

7.ç. Sectoral information about associates and their carrying amounts:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	5.513	2.275

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7.d. Associates quoted in the stock exchange:

None.

8. Information on capital adequacy of major subsidiaries:

The Bank does not have any capital needs due to its subsidiaries included in the calculation of its consolidated capital adequacy ratio.

8.a. Information on subsidiaries:

There is no share capital increases in the current period.

8.b Information on subsidiaries as sorted in (8.a) :

Description	Address (City/Country)	The Bank's share percentage-if different-voting percentage (%)	The Bank's risk group share percentage (%)
1 Kalkınma Yatırım Menkul Değerler A.Ş. (*) in Liquidation	İstanbul	100,00	100,00
2 Arıcak A.Ş. (**)	İstanbul	100,00	99,71

8.c. Information on subsidiaries as sorted in (8.b) :

	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	6.654	6.287	183	468	-	114	(529)	-
2	10.368	8.498	9.656	-	-	(467)	(339)	-

(*) By the application of the company's Board of Directors and approval Capital Markets Board (CMB), the company's activities has been temporarily suspended beginning from 31 December 2009. Related to the sale request of the company, CMB has declared the cancellation of licenses in favor of another brokerage firm with its letter dated 20 December 2011. In the General Assembly of the company, liquidation has been decided on. Information of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation is provided from the unaudited financial statements dated 31 December 2012. Prior period information is provided from financial statements 31 December 2011.

(**) The shares of the Bank in Arıcak A.Ş. which has been followed at subsidiaries account, has been reclassified to the account "V.Group Uncollectible loans" as of 31 March 2011.

8.d. Movement of subsidiaries:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Balance at the beginning of the year	6.038	7.192
Movements during the year	319	(1.154)
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals (*)	-	(750)
Revaluation increase	-	-
Provision for impairment	319	(404)
Balance at the end of the year	6.357	6.038
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

(*) The balance is related with reclassification of shares in Arıcak A.Ş. to "V. Group Loss Related Loans" as of 31 March 2011.

8.e. Sectoral information about subsidiaries and their carrying amounts:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	6.357	6.038

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8.f. Subsidiaries quoted in the stock exchange:

None.

9. Information on jointly controlled entities (joint ventures):

None.

10. Information on finance lease receivables (net):

The Bank has no financial leasing transaction. The receivables from operating leasing are TRY 5 Thousand (31 December 2011: None).

11. Information on derivative financial assets for hedging purposes:

None.

12. Information on tangible fixed assets:

Current Period (31.12.2012)	Real-Estates	Non-Current Assets to be Disposed	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	119.521	13.980	93	5.116	138.710
Provision for impairment	(61.795)	(152)	-		(61.947)
Movements during the period					
- Additions	3	780	-	154	937
- Disposals (-)	-	(54)	-	(8)	(62)
- Transfer from investment property	1.634	-	-	-	1.634
- Provision for impairment (-)	-	(27)	-		(27)
- Reversal from provision for impairment (-)	52.201	14	-		52.215
Balance at the end of the period	111.564	14.541	93	5.262	131.460
Accumulated Depreciation					
Balance at the beginning of the period	27.223	281	38	4.054	31.596
Movements during the period					
- Depreciation charge (*)	44.692	260	18	482	45.452
- Transfer from investment property	356	-	-	-	356
- Disposals (-)	(39)	-	-	(6)	(45)
- Provision for impairment (-)	-	-		-	-
Balance at the end of the period	72.232	541	56	4.530	77.359
Net book value at the end of the period	39.332	14.000	37	732	54.101

(*)TRY 260 Thousand of depreciation charge of non-current assets to be disposed which is equal to TRY 25 Thousand was presented under other operating expenses.

(**) For resolving the unintentional transfer between provision for impairment and accumulated depreciation which occurred during the application of inflation accounting in 2004, TRY 41.849 Thousand has been transferred from provision for impairment to accumulated depreciation.

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Prior Period (31.12.2011)	Real-Estates	Non-current Assets to be disposed	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	119.521	8.053	93	5.078	132.745
Provision for impairment	(61.795)	(126)	-	-	(61.921)
Movements during the period					
- Additions	-	6.588	-	85	6.673
- Disposals (-)	-	(661)	-	(47)	(708)
- Provision for impairment (-)	-	(30)	-	-	(30)
- Reversal from provision for impairment (-)	-	4	-	-	4
Balance at the end of the period	57.726	13.828	93	5.116	76.763
Accumulated Depreciation					
Balance at the beginning of the period	24.832	159	19	3.315	28.325
Movements during the period					
- Depreciation charge (*)	2.391	181	19	786	3.377
- Disposals (-)	-	(59)	-	(47)	(106)
- Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	27.223	281	38	4.054	31.596
Net book value at the end of the period	30.503	13.547	55	1.062	45.167

(*) TRY 181 Thousand of depreciation charge of non-current assets to be disposed which is equal to TRY 22 Thousand was presented under other operating expenses.

13. Information on intangible assets:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Cost		
Balance at the beginning of the period	2.582	1.557
Movements during the period		
- Additions	356	1.025
Balance at the end of the period	2.938	2.582
Accumulated Depreciation		
Balance at the beginning of the period	1.730	1.295
Movements during the period		
- Depreciation charge	424	435
Balance at the end of the period	2.154	1.730
Net book value at the end of the period	784	852

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14. Information on investment properties:

As of 31 December 2012 the Bank has investment properties held for rent whose net book value is TRY 1.153 Thousand. According to appraisal report prepared by an independent and CMB registered real-estate appraiser company and issued in January 2013 fair value of the investment properties is determined as TRY 5.109 Thousand. As of 31 December 2012, the Bank has rental income equal to TRY 291 Thousand. (31 December 2011: TRY 388 Thousand).

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Cost		
Balance at the beginning of the period	3.762	3.762
Provision for impairment	(540)	(540)
Movements during the period		
- Additions	21	-
- Disposals (-)	-	-
- Classified as tangible fixed assets (-)	(1.634)	-
- Provision for impairment (-)	-	-
- Reversal from provision for impairment (-)	540	-
Balance at the end of the period	2.149	3.222
Accumulated Depreciation		
Balance at the beginning of the period	805	-
Movements during the period		
- Accumulated depreciation classified as investment property (-)	-	730
- Depreciation charge (*)	547	76
- Accumulated depreciation classified as tangible fixed asset (-)	(356)	-
- Disposals	-	-
- Provision for impairment (-)	-	-
Balance at the end of the period	996	806
Net book value at the end of the period	1.153	2.416

(*) For resolving the unintentional transfer between provision for impairment and accumulated depreciation which occurred during the application of inflation accounting in 2004, TRY 46 Thousand has been transferred from provision for impairment to accumulated depreciation.

15. Information on deferred tax assets:

As of 31 December 2012 the Bank has deferred tax asset amounting to TRY 6.846 Thousand (31 December 2011: TRY 6.308 Thousand). The Bank has computed deferred tax asset or liability on temporary differences arising from carrying values of assets and liabilities in the accompanying financial statements and their tax bases. In the case assets or liabilities which are subject to deferred tax calculation are presented under shareholders' equity, calculated deferred tax asset/liability has been also presented under shareholders' equity. The Bank has no deferred tax assets calculated for period losses or tax deductions as of 31 December 2012. (31 December 2011: None).

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Deferred tax asset/liability		
Provision for impairment of tangible fixed assets	33	30
Retirement pay provision	4.948	4.027
Provision for non-performing loans	1.385	2.289
Valuation of financial assets	181	(135)
Other	299	97
Total	6.846	6.308

Movement of deferred tax assets:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Net book value at the beginning of the period	6.308	6.375
Deferred tax income/loss (net)	1.636	(1.003)
Deferred tax classified under shareholders' equity	(1.098)	936
Total	6.846	6.308

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16. Information on assets held for sale and discontinued operations:

None.

17. Information on other assets:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Inventory	48	37
Prepaid expenses	3.769	2.949
Temporary account debtor	10.193	9.920
Sundry receivables	8	87
Receivables from asset sales on credit terms	840	1.513
Accrual of fund management fee	10	11
Receivables from state institutions and organizations	-	1
Total	14.868	14.518

II. Explanations and Notes Related to Liabilities:

1. Information on maturity Structure of Deposits:

The Bank is not authorized to accept deposits.

2. Information on derivative financial liabilities held-for-trading:

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

Derivative financial liabilities held-for-trading	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Forward transactions	-	-	75	-
Swap transactions	1.096	-	1.335	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1.096	-	1.410	-

3. Information on funds borrowed:

3.a) Information on banks and other financial institutions:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks and institutions	-	258.515	-	254.741
From foreign banks, institutions and funds	-	1.842.522	-	1.385.127
Total	-	2.101.037	-	1.639.868

3.b) Maturity structure of funds borrowed :

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Short-term	-	158.748	-	163.071
Medium and long-term	-	1.942.289	-	1.476.797
Total	-	2.101.037	-	1.639.868

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3.c) Additional information for the areas of liability concentrations:

As the Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans.

Most of the loans from international 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, Arab Turkish Bank and Turkish Treasury.

3.c.1) Explanations on funds:

Material part of the domestic funds amounting to TRY 47.137 Thousand is from Turkish Treasury. Loans disbursed to investor companies in Cyprus from funds obtained from Turkish Treasury amount to TRY 35.197 Thousand and the risk of these loans does not belong to the Bank.

3.c.2) Information on funds provided under repurchase agreements:

TRY 81.549 Thousand and TRY 205 Thousand of repurchase agreements amounting to TRY 81.344 Thousand belong to Central Bank of Turkey (31 December 2011: TRY 508.216 Thousand) and real persons and legal entities (31 December 2011: TRY 118 Thousand), respectively.

4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting at least 20% of grand total:

Other liabilities do not exceed 10% of the balance sheet total.

5. Explanations on financial lease payables (net):

The Bank has no financial lease payables.

6. Information on derivative financial liabilities for hedging purposes:

The Bank has no derivative financial liabilities for hedging purposes.

7. Explanations on Provisions:

7.a) Information on Generic Provisions:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
General Provisions (*)	23.008	16.635
Allocated for Group - I loans and receivables	20.549	15.813
Additional provision for loans and receivables with extended maturities	-	-
Allocated for Group - II loans and receivables	1.932	563
Additional provision for loans and receivables with extended maturities	-	-
Allocated for non-cash loans	114	157
Other	413	102

(*)In accordance with the revision dated 21 September 2012, to the Temporary Clause 1 of "Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables, and Allocation of Provisions" the Bank has allocated additional provision for the difference between generic using provision and current rates. Provisions calculated for bases as of 31 October 2006. Whole difference has been recognized as expense in the current year.

(**) The restructuring made by the Bank for the loans and other receivables does not include extension of maturity defined in the first payment plan. Therefore, the Bank does not allocate additional provision for these loans according to explanation included to (a) and (b) clauses of the 4th Article (Added Article: RG-28/5/2011-27947) of "Regulation on Procedures and Principles for Determination of Qualification of Loans and Other Receivables, and Allocation of Provisions".

7.b) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

There are no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables.

7.c) Specific provisions provided for unindemnified non-cash loans:

There are no specific provisions for unindemnified non-cash loans.

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7.ç) Other provisions:

i) The Bank has not allocated provision for potential risks.

ii) The Bank accounts for the provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 31 December 2012, the Bank allocates provision for employee benefits equal to TRY 24.193 Thousand (31 December 2011: TRY 20.130 Thousand) and for unused vacation equal to TRY 542 Thousand (31 December 2011: None).

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Liabilities at the beginning of period	20.130	18.020
Service cost for the period	4.328	2.289
Interest cost for the period	227	840
Actuarial profit/loss	140	-
Payments in the period	(632)	(1.019)
Liabilities at the end of period	24.193	20.130

8. Explanations on tax liabilities:

8.a) Information on current tax liability:

8.a.1) Information on tax provision:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Corporation tax and deferred tax				
Corporate tax payable	4.207	-	1.550	-
Deferred tax payable	-	-	-	-
Total	4.207	-	1.550	-

8.a.2) Information on taxes payable :

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Corporate tax payable	4.207	1.550
Taxation on income on marketable securities	10	413
Property tax	1	1
Banking insurance transaction tax (BITT)	102	230
Foreign exchange transaction tax	-	-
Value added tax payable	49	32
Other	689	621
Total	5.058	2.847

8.a.3) Information on premiums:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Social security premiums- Employee	79	74
Social security premiums- Employer	110	104
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	5
Unemployment insurance- Employer	11	11
Other	-	-
Total	206	194

8.b) Information on deferred tax liabilities, if any:

None.

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9. Information on liabilities regarding assets held for sale and discontinued operations:

None.

10. Information on the number of subordinated loans the Bank used, maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any:

None.

11. Information on shareholder's equity:

11.a) Presentation of paid-in capital:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Common Stock	160.000	160.000
Preferred Stock	-	-

11.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so amount of registered capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered capital	160.000	500.000

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

There is no share capital increases in the current period.

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

There is no increase from capital reserves.

11.d) Capital commitments in the last fiscal year and that continue until the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments.

11.e) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:

The income of the prior periods, profitability and liquidity of the Bank and projections for the successive periods are followed by Business, Product and Planning Department. Given the conditions of Turkish economy and the Bank's prior period performance; within the framework of forecasts for revenue, profitability and liquidity, it is estimated that Bank keeps the rate of increase in shareholders' equity and is not going to experience significant decreases in capital adequacy ratio.

11.f) Information on preferred shares:

The Bank has no preferred shares.

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11.g) Information on marketable securities valuation differences:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	-	-	-	-
Valuation difference	3.282	2	(1.109)	-
Foreign exchange difference	-	-	-	-
Total	3.282	2	(1.109)	-

12. Information on minority interests:

None.

III. Explanations and Notes Related to Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

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

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Share capital commitments to associates and subsidiaries	16.000	20.767
Total	16.000	20.767

1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:

The Bank has no possible losses arising from the off-balance sheet items.

1.b.1) Non-cash loans including guarantees, bank acceptances, guarantees substituting financial guarantees and other letters of credit:

Amount of the Bank's letter of credit commitment is TRY 56.981 Thousand. (31 December 2011: TRY 78.798 Thousand). The Bank has no guarantee and bank acceptances.

1.b.2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

Total amount of the Bank's TRY letter of guarantees is TRY 46 Thousand (31 December 2011: TRY 47 Thousand.). TRY 1 Thousand (31 December 2011: TRY 1 Thousand) of this amount is letter of customs guarantee and other part is letters of certain guarantees.

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1.c.1) Total non-cash loans:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Non-cash loans for providing cash loans	-	-
With original maturity of one year or less	-	-
With original maturity more than one year	-	-
Other non-cash loans	57.027	78.844
Total	57.027	78.844

1.c.2) Non-cash loans sectoral risk concentrations:

	Current Period (31.12.2012)				Prior Period (31.12.2011)			
	TRYYP	(%)	FC	(%)	TRYYP	(%)	FC	(%)
Agriculture	2	4,35	-	-	2	4,35	-	-
Farming and raising livestock	2	4,35	-	-	2	4,35	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	9	19,57	56.981	100,00	8	17,39	78.798	100
Mining and quarry	-	-	-	-	-	-	-	-
Manufacturing	9	19,57	22.584	39,63	8	17,39	38.064	48,31
Electricity, gas and water	-	-	34.397	60,37	-	-	40.734	51,69
Construction	-	-	-	-	1	2,17	-	-
Service	35	76,08	-	-	35	76,09	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel and food services	1	2,17	-	-	1	2,17	-	-
Transportation and communication	-	-	-	-	-	-	-	-
Financial institutions	34	73,91	-	-	34	73,92	-	-
Real estate and leasing services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Educational services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	46	100,00	56.981	100,00	46	100	78.798	100

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1.c.3) Non-cash loans classified in Group I and II:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	I. Group		I. Group	
Non-cash loans	TRY	FC	TRY	FC
Guarantee letters	37	-	37	-
Letter of credits	-	56.981	-	78.798

2. Information on derivative financial instruments:

The Bank's derivative instruments generally consist forward foreign currency buy/sell transactions. Derivatives are classified as held-for-trading according to TAS 39 "Financial Instruments: Recognition and Measurement".

3. Information on contingent liabilities and assets:

İstanbul Venture Capital Initiative (IVCI - A Luxembourg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxembourg. The Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 Million and its capital was increased to EUR 160 Million with new participants in March 2009. The Bank's participation was approved by Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at the same date.

The Bank made payment of share capital amounting to EUR 3.155.050 constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.050 on 25 May 2012, EUR 250.000 on 10 August 2012 and EUR 500.000 on 19 September 2012.

A lawsuit amounting to TRY 1.493 Thousand which is included in lawsuits against the Bank has resulted in favor of the Bank. The decision will become final upon decision of the Court of Appeal. Since the lawsuit is not deemed likely to result against the Bank, provision has not been provided in the unconsolidated financial statement.

4. Services supplied on behalf of others:

The Bank acts as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

1.a) Information related to interest income on loans:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Interest on Loans (*)	42.699	67.546	39.245	50.900
Short term loans	-	6.107	53	6.436
Medium and long term loans	31.550	61.439	24.097	44.464
Interest on non-performing loans	11.149	-	15.095	-
Premiums from resource utilization support fund	-	-	-	-

(*) Includes fees and commissions obtained from cash loans.

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1.b) Information related to interest income on banks:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	7.225	277	12.363	2
From foreign banks	-	2	-	-
From foreign head office and branches	-	-	-	-
Total	7.225	279	12.363	2

1.c) Information related to interest income on marketable securities:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
From financial assets held-for-trading	638	-	6.112	-
From financial assets at fair value through profit and loss	-	-	-	-
From financial assets available-for-sale	25.067	3	16.629	-
From investments held-to-maturity	2.770	-	4.191	-
Total	28.475	3	26.932	-

1.ç) Information related to interest income from subsidiaries and associates:

None.

1.d) Information on interest income from money market transactions:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Reverse repurchase agreements	21.099	-	388	-

2.a) Information related to interest expense on borrowings:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Banks (*)	201	2.095	48	1.625
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	201	379	48	994
Foreign Banks	-	1.716	-	631
Foreign Head Office and Branches	-	-	-	-
Other Institutions	666	26.228	585	20.920
Total	867	28.323	633	22.545

(*) Includes fees and commissions related to borrowings.

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2.b) Information related to interest expenses to subsidiaries and associates:

None.

2.c) Information related to interest on securities issued:

The Bank has no securities issued.

2.ç) Information related to interest on money market transactions:

	Current Period (31.12.2012)		Prior Period (31.12.2011)	
	TRY	FC	TRY	FC
Repurchase agreements	21.537	-	10.722	-

3. Information related to dividend income:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
From financial assets held-for-trading	-	-
From financial assets at fair value through profit and loss	-	-
From financial assets available-for-sale	112	89
Other	218	83
Total	330	172

4. Information related to trading profit/loss:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Profit	7.411	5.258
Profit from the capital market operations	387	573
Profit on derivative financial instruments	18	87
Foreign exchange gains	7.006	4.598
Loss (-)	(6.487)	(8.146)
Loss from the capital market operations	(1.645)	(432)
Loss on derivative financial instruments	(1.208)	(1.410)
Foreign exchange losses	(3.634)	(6.304)

5. Information related to other operating income:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Income from sale of assets	97	2.184
Reversals from prior years' provisions	18.421	12.112
Other	863	1.308
Total	19.381	15.604

In general, other operating income consists of collections and/or cancellations of specific provisions recognized as expense in prior periods. In addition, revenue equal to TRY 10.846 Thousand has been recognized due to impairment provisions of real estates as a result of appraisals performed for the current period.

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6. Provision expenses for impairment on loans and other receivables:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Specific provisions on loans and other receivables	8.091	5.367
Group- III loans and receivables	3	1.067
Group- IV loans and receivables	1.091	325
Group-V loans and receivables	6.997	3.975
General loan provision expenses	6.416	11.911
Provision expenses for possible losses	-	-
Marketable securities impairment expenses	-	11
Financial assets at fair value through profit and loss	-	11
Financial assets available-for-sale	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities (joint ventures) and investments held-to-maturity	791	472
Associates	791	68
Subsidiaries	-	404
Jointly controlled entities (joint ventures)	-	-
Investments held-to-maturity	-	-
Other	-	-
Total	15.298	17.761

7. Information related to other operating expenses:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Personnel expenses	47.877	43.853
Provision for employee termination benefits	5.321	3.129
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	3.844	3.272
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	424	435
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets that will be disposed	27	30
Amortization expenses of assets that will be disposed	235	159
Impairment expense for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	9.277	7.691
Operational leasing expenses	61	50
Maintenance expenses	923	925
Advertisement expenses	62	83
Other expenses (*)	8.231	6.633
Loss on sale of assets	-	-
Other	2.090	1.872
Total	69.095	60.441

(*) Other expenses consist of cleaning expenses equal to TRY 1.849 Thousand (31 December 2011: TRY 1.766 Thousand), heating, lighting and water expenses equal to TRY 867 Thousand (31 December 2011: TRY 712 Thousand), rent expenses equal to TRY 848 Thousand (31 December 2011: TRY 612 Thousand), security expenses equal to TRY 613 Thousand (31 December 2011: TRY 569 Thousand), kindergarten expenses equal to TRY 324 Thousand (31 December 2011: TRY 321 Thousand) communication expenses equal to TRY 373 Thousand (31 December 2011: TRY 331 Thousand), computer usage expenses equal to TRY 577 Thousand (31 December 2011: TRY 451 Thousand), vehicle expenses equal to TRY 483 Thousand (31 December 2011: TRY 460 Thousand), other expenses equal to TRY 2.297 Thousand (31 December 2011: TRY 1.411 Thousand).

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8. Information related to profit/loss from continuing and discontinued operations before taxes:

As of 31 December 2012, the Bank's income before tax from the continuing operations is TRY 55.083 Thousand (31 December 2011: TRY 32.158 Thousand) and the Bank has no discontinued operations.

9. Information related to tax provisions for continuing and discontinued operations:

As of 31 December 2012, the Bank's income tax provision from continuing operations amounting to TRY (11.453) Thousand, (31 December 2011: TRY (8.397) Thousand) consists of TRY (13.089) Thousand of current tax charge (31 December 2011: TRY (7.394) Thousand), TRY 1.636 Thousand of deferred tax income (31 December 2011: TRY 1.003 Thousand deferred tax charge)

10. Information related to net profit/loss of the period from continuing and discontinued operations:

The Bank has earned net profit equal to TRY 43.630 Thousand from continuing operations between 1 January 2012 and 31 December 2012.

11. Information on net profit/loss:

11.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

11.b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

There are no changes in accounting estimates.

12. If the other items in the income statement exceed 10% of the income statement total, sub-accounts amounting to at least 20% of these items are presented below:

As of 31 December 2012, "Other Fees and Commission Received" amounts to TRY 5.591 Thousand; and TRY 3.607 Thousand of this amount consists of project service income.

IV. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

In legal records, paid-in capital is TRY 160.000 Thousand (31 December 2011: TRY 160.000 Thousand). As of the balance sheet date, the balance of legal reserves is TRY 29.992 Thousand (31 December 2011: TRY 28.804 Thousand), and the balance of extraordinary reserves is TRY 132.427 Thousand (31 December 2011: TRY 109.854 Thousand).

Marketable securities valuation differences are TRY 3.284 Thousand and arising from valuation differences of available for sale financial assets.

V. Explanations and Notes Related to Cash Flow Statement:

1. Explanations related to "other" items and "effect of change in foreign currency rates on cash and cash equivalents" in statement of cash flows:

The Bank's net cash outflow arising from banking operations is equal to TRY (242.759) Thousand (31 December 2011: TRY 490.787 Thousand). TRY (398.104) Thousand (31 December 2011: TRY 644.543 Thousand) of this amount is generated from the change in operating assets and liabilities, and TRY 155.345 Thousand (31 December 2011: TRY (153.756) Thousand) from operating profit. Net increase/decrease in other payables under the changes in operating assets and liabilities is resulted from changes in funds received, funds provided through repurchase agreements, sundry payables, other foreign funds and taxes, duties, and premiums payables and amounts to TRY (442.219) Thousand (31 December 2011: TRY 483.637 Thousand). The "others" item under operating income composes of fees and commissions paid, trading gains/losses and other operating expenses excluding employee costs, and amounts to TRY 80.665 Thousand (31 December 2011: TRY (202.650) Thousand)

There is no cash addition arising from financing activities in current year (31 December 2011: TRY (4.828) Thousand).

The effect of change in foreign currency rate on cash and cash equivalents is calculated by converting original currencies of cash and cash equivalents into TRY using rates for both beginning and end of the period. The effect for the current period is calculated as TRY (1.166) Thousand (31 December 2011: TL 518 Thousand).

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2. Cash and cash equivalents at the beginning of the period:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Cash	13.434	5.973
Cash in TRY and foreign currency	129	119
Demand deposits at banks	13.305	5.854
Cash equivalents	139.850	99.700
Interbank money market placements	-	-
Time deposits at banks	139.850	99.700
Total cash and cash equivalents	153.284	105.673

The total amount arising from prior period transactions equals to total amount of current period cash and cash equivalents.

3. Cash and cash equivalents at the end of the period:

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Cash	6.964	13.434
Cash in TRY and foreign currency	138	129
Demand deposits at banks and Central Bank of the Republic of Turkey	6.826	13.305
Cash equivalents	388.885	139.850
Interbank money market	134.670	-
Time deposits at banks	254.215	139.850
Total cash and cash equivalents	395.849	153.284

VI. Explanations Related to Risk Group of the Bank:

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Bank adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Beginning Balance	162	-	-	-	-	-
Closing Balance	197	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TRY 1.223 Thousand of loan disbursed to Arcak A.Ş., a subsidiary of the Bank, has been followed at Group V. For this loan, TRY 1.026 Thousand special provision has been provided.

b) Prior period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Beginning Balance	100	-	-	-	-	-
Closing Balance	162	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TRY 1.118 Thousand of loan disbursed to Ancak A.Ş., a subsidiary of the Bank, has been followed at Group V. For this loan, TRY 1.026 Thousand specific provision has been provided.

c) Information on forward transactions, option contracts and similar other transactions between the Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Bank:

Salaries and dividend paid to members of Board of Directors, Supervisory Board, General Manager and Vice General Managers are presented below.

	Current Period (31.12.2012)	Prior Period (31.12.2011)
Salary	928	947
Dividend and fringe benefits	152	130
Total	1.080	1.077

VII. Explanations Related to the Bank's Domestic, Foreign and Off-shore Branches and Representatives Abroad:

	Number	Number of Employees		
Domestic branches (*)	1	14		
			Country	
Foreign rep-offices	-	-	1-	
			2-	
			3-	
			Total Assets	Capital
Foreign branches	-	-	1-	-
			2-	-
			3-	-
Off-shore branches	-	-	1-	-
			2-	-
			3-	-

(*) Total number of employees is 708 and 14 of them are employed at İstanbul Branch.

VIII. Explanations and notes related to the subsequent events:

None.

SECTION SIX**OTHER EXPLANATIONS****I. Other explanations related to Operations of the Bank:****The summary of information on the Bank's rating by International Rating Agencies:**

The international ratings of the Bank are performed by Fitch IBCA and summary of the results as of 31 December 2012 and 31 December 2011 are presented below:

	31.12.2012	31.12.2011
Foreign Currency Commitments		
Long Term	BBB-	BB+
Short Term	F3	B
Outlook	Stable	Stable
Turkish Lira Commitments		
Long Term	BBB	BB+
Short Term	F3	B
Outlook	Stable	Stable
National		
Long Term	AAA(TUR)	AA+(TUR)
Outlook	Stable	Stable
Individual Rating	-	D
Support Points	2	3
Support Rating Floor	BBB-	BB+

(*) No points related to individual rating is available in current period.

SECTION SEVEN**EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT****I. Explanations on Independent Auditor's Report:**

The unconsolidated financial statements as of 31 December 2012 were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and Independent Auditor's Report dated 6 March 2013 is presented preceding the unconsolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditor:

None.

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