JCR Eurasia Rating

JCR-ER, Affiliate of Japan Credit Rating Agency, Ltd.

Corporate Credit Rating

Updated

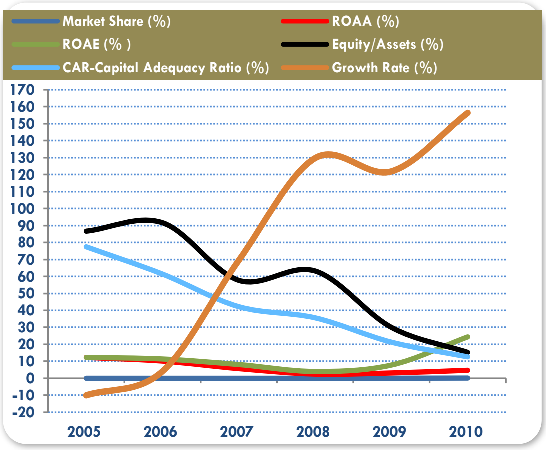
TURKEY

Banking

aktif bank		Long-Term	Short-Term
International	Foreign currency	BB	B
	Local currency	BB	B
	Outlook	Stable	Stable
National	Local Rating	A (Trk)	A–1 (Trk)
	Outlook	Positive	Stable
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	Foreign currency	BB	B
	Local currency	BB	B
	Outlook	Stable	Stable

* Affirmed by Japan Credit Rating Agency, JCR on February 21, 2011

Analyst: Şevket **GÜLEÇ**/ +90 212 352 56 73
sevketg@jcrer.com.tr



AKTIF YATIRIM BANKASI A.Ş.

Financial Data	2010*	2009*	2008*	2007*	2006*
Total Assets (000 USD)	956,916	383,248	171,337	96,912	49,589
Total Assets (000 TL)	1,479,392	577,057	260,090	113,242	66,819
Equity (000 TL)	225,752	173,193	164,441	65,346	61,234
Net Profit (000 TL)	43,515	3,155	4,953	4,112	5,229
Market Share (%)	0.15	0.07	0.04	0.02	0.01
Gross ROAA (%)	4.74	3.15	2.48	5.70	10.15
Gross ROAE (%)	24.41	7.81	4.02	8.11	11.38
Equity/Assets (%)	15.26	30.01	63.22	57.70	91.64
CAR-Capital Adequacy Ratio (%)	12.65	21.29	35.64	42.19	61.40
Growth Rate (%)	156.37	121.87	129.68	69.48	4.12

*End of year

Company Overview

Aktif Yatırım Bankası A.Ş. (hereinafter "Aktif Bank" or the "Bank"), an investment Bank, was incorporated under the name of Çalık Yatırım Bankası A.Ş. (ÇALIKBANK) in July, 1999. On August 1, 2008, the Bank altered its name to Aktif Yatırım Bankası A.Ş. in line with its redefined mission, vision and strategy following restructuring efforts which were initiated in the second half of 2007. The Bank currently operates with a network of 6 branches located in İstanbul, Bursa, Kayseri, Gaziantep, Düzce and Sakarya. The Bank was set up as a subsidiary of Çalık Holding and presently operates in the corporate banking, retail banking, leasing, factoring, trade finance and consulting avenues.

Aktif Bank posted a transformative growth during the previous four years, showing a cumulative asset size growth of 2,114% (TL basis). By the end of FY2010 the Bank's profit exponentially increased 13-fold. The Bank recorded a net profit of TL 28.8mn for the three month period ending March 31, 2011, which indicates an increase of 1,459.41% in comparison to the same period FY2010. Furthermore, the Bank has reached 82.18% of its previous year net profit as of March 2011. Meanwhile, the Bank has maintained its asset quality so that the ratio of non-performing loans to gross loans was below sector averages. With respect to its fast growth in asset size, the Bank's market share also increased by 114.29% during FY2010, despite reaching only a 0.15% share of the entire banking system. Aktif Bank has planned an expansion of its branch network during the current year to three new locations in Samsun, Ankara and Kütahya. In addition, with a cooperation and online integration with the General Directorate of Turkish Post (PTT) and its nearly 4,000 branches, the Bank has increased its geographical outreach to areas where its own branch network has not yet been established.

The Bank has initiated the granting of consumer loans through all PTT branches & dealer networks in addition to money transfer services via the PTT. These activities supported a significant contribution to the commission income.

Strengths

- Significantly higher asset size growth over the sector in the previous four year period,
- With respect to net fee and commission income to core banking revenues, the Bank positively differed from the Turkish banking sector,
- Has high capability to generate income from its innovative products such as those through the PTT branches & dealer networks,
- Remarkable increase in net profit and most of all profitability ratios,
- Has considerable low level of impaired loans,
- Significant contribution to Bank income with services through the PTT branches and dealer networks,
- Retention of profits policy contributes to Bank's capital adequacy
- Has started to use innovative alternative delivery channels such as PTT branches in addition to its branch network,
- Parent is a leading conglomerate of Turkey,
- Consistency in executive management since 2007

Constraints

- Due to high level of growth, significant decrease was exhibited in the capital adequacy ratio which falls below the sector average,
- Baring an injection of equity to meet BRSA targets on CAR ratio, the Bank's growth will be limited,
- Significant proportion of the Bank's cash and non-cash loans given to group companies; even if these credits are assumed to have no repayment risk, this situation will in any case curtail the Bank's ability to expand its customer portfolio,
- Remarkable proportion of total external resources composed of on demand funds,
- Maturity mismatch between assets & liabilities,
- Net interest margin displays sharp decrease, though it is similar to sector averages,
- Commitments and contingencies as a proportion of equity are well above the development and investment banking sectors ratio,

Publication Date: May 31, 2011

"Global Knowledge supported by Local Experience"

1. Rating Rationale

Aktif Bank has continued its remarkable assets size growth during FY2010, along the same lines as that during the last two consecutive years. By the end of year 2010, nearly 13 times higher net profit accompanied a growth of 156.37% in comparison to the previous year. Furthermore the Bank doubled its market share and outperformed the general banking sector and the investment & development banking sector. Under the reviewed year, the Bank asset size increased by 156.37% (FY2009:121.87%) exceeding last year's growth in TL terms while the entire banking sector and the investment & development banking sector's asset size increased by 20.81% (FY2009:13.82%) and 14.57% (FY2009:17.81%), respectively.

The Bank's market share increased by 114.29% year on year during FY2010. As a result of this significant growth beyond that experienced by both the development & investment banks and entire banking sector, total market share of Aktif Bank reached 4.78% as of December 31, 2010 (FY2009: 2.14% and FY2008: 1.13%) amongst all 13 development and investment banks operating in the Turkish market. Aktif Bank had a 0.15% share in the whole banking sector of the country at the end of the same period (FY2009: 0.07% and FY2008: 0.04%).

The Bank recorded a net profit of TL 43.5mn at the end of the FY2010 whereas this figure for FY2009 was TL3.1mn. During the FY2010 the Bank asset size exhibited a growth of 156.37% from year-end 2009 while the net profit of the Bank increased by 1,279.24%, which is well beyond the asset size growth. 69.52% of the net profit (TL 30.3mn) was generated by revenue from the sale of the Bank's affiliates and subsidiaries. While excluding this amount from the total net profit, the Bank net profit increase still stands at 320.44%, which shows the Bank's exceptional success in this field. With respect to sharply increasing net profit of the Bank, the Gross ROAA and ROEA ratios increased to 4.74% and 24.41% at the end of FY2010 from 3.15% and 7.81% at the end of FY2009, respectively.

The Bank's total operating expenses to total income ratio reached the peak level of 84.43% at the end of FY2008, from where it showed a decreasing trend and fell to 46.75% at the end of FY2010. Despite this positive development, this ratio is still above the average market indicator, which, for development & investment Banks, stood at 32.68% at the end of FY2010.

For the purposes of comparison with the sector the unconsolidated audited report of Aktif Bank, prepared in accordance with BRSA requirements, are used. The Bank's net profit increased by 277.15% (FY2009:482.11%) at the end of FY2010 in comparison to the previous year (from FY2009: TL 9.3mn to FY2010: TL 35.1mn) while the asset side posted a growth of 155.93%. Aktif Bank's net profit displayed a sharp increase, though its interest margins decreased to 4.08% at the end of FY2010 from FY2009: 9.10%. The ratio for the investment & development banking sector was 4.67% FY2010 and 6.46% FY2009 in the same term. This indicates that the Bank's net interest margin stood at the sector average and that the investment & development banking sector net interest margin ratio also decreased.

On the other hand, due to the high operational expenses of the Bank, its net profit margin is still lower than that of the sector. However, depending on anticipated accelerating income increase as the result of putting in service innovative products the ratio will rise to sector averages. Despite the Bank's net profit margin being lower than the sector during the year under view, this ratio continuously increased to 32.66% from19.78% at the end of FY2009 (FY2008:7.00%); during the same term this ratio in the development & investment banking sector was 49.87 and 52.73% (FY2008:53.63%) respectively.

	FY2009		FY2010	
	Dev. & Inv. Banks	Aktif Bank	Dev. & Inv. Banks	Aktif Bank
Gross ROAA	4.74	2.82	3.52	3.79
Gross ROEA	10.13	7.10	7.44	20.28
Net Profit M.	52.73	19.78	49.87	32.66
N. Interest Mar.	6.46	9.10	4.67	4.08
T. Income / T. Expense	375.90	133.08	306.00	156.98
Interest Coverage	390.13	247.63	443.06	221.49
T. Income / T. Av Assets	7.50	11.34	5.85	10.45
Impaired L./ Gross Loans	2.32	0.59	2.07	0.77
CAR	60.27	21.29	58.65	12.65

With respect to strong growth rates which were funded primarily by external funds in the last four year period, the total equity to total asset ratio of the Bank decreased to 15.26% at the end of the year under review from 30.01% at the end of FY2009. This ratio was below the ratio of the whole investment and development banking group for the same period (FY2010: 47.59%; FY2009: 47.12%). The same ratio for the entire banking system stood at 13.64% at the end of FY2010 and 13.31% for FY2009. A decrease in total equity as a proportion of total asset indicates that a bank is capable of finding external funds to expand its facilities as well as showing the confidence of the bank.

In FY2009, Aktif Bank issued its first Bank Bond (Aktif Bond), which offers flexible maturity, high interest return and low tax to its investors. Aktif Bond was offered as a "commercial paper" facility. This bond issue is an important and innovative product for the Bank as it gives a fixed-income investment alternative to customers, bearing in mind that Aktif Bank is not entitled to accept deposits from customers. By the end of FY2010, the outstanding Aktif Bonds issue reached a total of TL 278.3mn (FY2009: TL 51.4mn). The supplied funds via bond issue comprised 19% of the total resources of the Bank that displayed an increase in comparison to the year before (FY2009: 9%).

Aktif Bank displayed the highest growth rate within the entire banking sector and development & investment banking sector in all compared areas. Although Bank NPLs increased by 215.74% at the end of FY2010, impaired loans to gross loans ratio stood at 0.77% for the same term. This ratio was the lowest when compared to the sectors' ratio (FY2010: 3.65%, FY2009: 5.27% for the banking sector and FY2010: 2.07%, FY2009: 2.32% for the development & investment banking sector).

Year-on-year Growth of Key Financials (% FYE2009-FYE2010)

	Banking Sector	Dev. & Inv. Banks	Aktif Bank
Total Assets	20.81	14.57	155.93
Cash Loans	33.44	15.99	142.60
Net Profit	8.67	-14.47	277.15
Equity	23.79	15.72	25.42
NPLs	-8.79	3.04	215.74

Source: BRSA

Aktif Bank's paid in capital was increased with a fully paid cash injection from TL 155mn to TL 163mn in December, 2010. Even though with this increase in paid in capital, the Bank's CAR ratio showed a sharp decrease during FY2010 as a result of the fast growth rate in asset size. In case the Bank maintains a similar accelerated growth pace, capital injection needs may possibly arise.

High profitability and the belief in its sustainability, a lower non-performing loans ratio, the capability to diversify fund resources and easy accessibility of external funds, the capacity to generate internal funds, fast growth rates along with transparency are some of the driving aspects of the upgrading of the Long-term National Local rating from A- (Trk) to A (Trk). Nevertheless, a lower CAR ratio in comparison to the sector, a decreasing net interest margin as well as the granting of a large proportion of both cash and non-cash loans to group entities and nearly half of external funds comprised of on demand funds are some of the constraint factors to the assigned notes.

An improvement in Aktif Bank's balance sheet position, an enhancement of granularity of both granted cash and non-cash loans, the provision of long term based external funds, the sustainability of the net profit increase, an increase in the equity base, the continuity of high growth rates and any upgrades in Turkey's country ceiling ratings can positively affect the Bank's rating.

The principal considerations which would expose the rating level to a potential downgrade are a down grading of Turkey's sovereign rating, which, under current global circumstances is exposed to adverse effects from the prolonged current account deficit; further stringent policy measures with adversities to be imposed on the banking system in curbing this deficit; increasing tension in the local political arena on the eve of parliamentary elections; a possible post-election change in the make-up of the parliament leading to a disruption of economic and political stabilization.

For this assignment, JCR-ER has utilized the independent consolidated audit report of Aktif Bank, based on the guidelines of International Financial Reporting Standards (IFRS) along with the unconsolidated report which has been submitted to the Banking Regulation and Supervisory Authority (BRSA).

2. Outlook

JCR-ER has re-affirmed a "positive" outlook for the long term national ratings and a "stable" outlook for the short term national as well as international ratings perspectives of Aktif Bank. In the Bank-specific terms, the likelihood of equity contribution by its shareholder when required, the sustainability level of its profitability, enthusiastic growth plans for the coming years, the affects of parent company activities, the Bank's level of liquidity as well as lower non-performing loans and developments in both Turkish and global financial climate are the principals factors to be assessed in any decision on a future rating outlook's change.

When comparing Aktif Bank's FY2010 targets to actualized financials, the Bank was able to exceed its targets in total assets, equity, interest expense and net profit base during FY2010. With regards to customer loans, interest income and net interest income fields, the Bank lagged behind the target but was not far short. Due to a high net commission income, the Bank managed a six fold increase in its target net profit number. In the first quarter of FY2011, the sharp increasing trend in the net profit of the Bank continued and the Bank was able to earn 80.00% of the last year net profit in just the first three month period of the ongoing year. The Bank projected an increase of 63.45% in its net profit for the ongoing year in comparison to FY2010. We believe the increasing trend in the net profit in the remaining period of FY2011 will continue.

3. Sponsor Support and Stand Alone

The parent Company (Çalık Holding A.Ş.) is one of the leading conglomerates in Turkey; as of December 31, 2010, the total asset size of the group was USD 5.82bn and total revenue was USD 2.06bn. Çalık Holding has stakes in various industries with a primary focus on the construction, textiles, finance, media, telecom, energy and mining sectors.

Çalık Holding A.Ş. is expected to be capable of providing financial support to the Bank when liquidity needs arise in both the short and long term horizons.

A substantial proportion of the Bank's total cash and non-cash outstanding loan portfolio has been granted to entities owned by Çalık Holding. Though a diversified parent allows easy accessibility to a large pool of clients, it also restricts the Bank's ability to successfully diversify risk.

The Bank recorded a net profit of TL 43.5mn at the end of FY2010 and TL 28.8mn in the first quarter of for the ongoing year. Its high capability of generating profit, low level of non-performing loans and easy access to external funds gives an advantage to the bank. Even if shareholders or public institutions do not provide assistance, the Bank is likely to be able to successfully manage its balance sheet risks through internal means.

After assessing all factors above, the Sponsor Support and Stand Alone Notes of the Bank have been determined as "**2**" and "**B**", respectively. A Sponsor Support Note of "**2**" denotes a moderate external support possibility where a sponsor has a sufficient credit rating note and a tendency to support the company. A Stand Alone Note "**B**", signifies a strong company, profitability, balance sheet composition, management, operating environment and expectations.

4. Company Background

a) History

Aktif Yatırım Bankası A.Ş. (AKTİFBANK) was incorporated under the name of Çalık Yatırım Bankası A.Ş. (ÇALIKBANK) in July, 1999 as an investment bank. Since its establishment, the Bank has operated mainly by offering corporate banking, retail banking, leasing, factoring, trade finance and consulting services. It has a network of six branches in addition to the Head Office.

On August 1, 2008, the Bank publicized its new name as Aktif Yatırım Bankası A.Ş, while in August, 2008 the head office of the Bank was shifted to a new location. It is a group owned premises located in Zincirlikuyu, the financial center of Istanbul, Turkey. The Bank has since carried out its operations under the new name, new corporate profile and a new vision strategy coined as "local, global".

b) Activities & Targets

Aktif Bank's main activities are structured under the New Generation Banking Model, which is divided into three pillars:

- **Direct Banking**

With respect to fast changes in communications, life styles, consuming behaviors and preferences in business all over the world and in Turkey, an increasing desire to do business regardless time or location constraints have directed societies to electronic and alternative channels with a reasonable cost. Aktif Bank has noticed the arising needs in this field and designated a Direct Banking Model, which allows business to be conducted through electronic (internet banking, call center and mobile banking) and physical (both the Bank and PTT branches, merchant networks, Aktif points and Aktif Kiosks) alternative delivery channels in order to reach the customer at the point of sale, instead of at branches. In this context, in August 2009 the Bank activated "KreAktif" which is a credit system offering online loans from the dealer to customers who purchase goods and services from branded retail stores. Outlets, which use Aktif Dealer Portal, were expanded to 310 in Turkey at the end of FY2010 and the Bank continues its efforts to broaden KreAktif throughout Turkey. In this system, the vendor that has entered into an agreement with the Bank is able to request a loan and receive a response without the customer having to leave the point of sale. Trough this channel, the Bank provided loans in the amount of TL 16mn to approximately 4,000 customers, during the FY2010.

As well as serving its customer through physical channels, the Bank initiated call centers, internet banking and mobile banking services through electronic channels in the second quarter of 2009. In addition, with the concept of alternative service channels, the Bank integrated online with the General Directorate of Turkish Post (PTT) and put into service the Universal Money Transfers (UPT) system in January 2010. This allows cheap and rapid nationwide money transfer to many locations within Turkey, including 1,200 towns, without the need for bank branches. Since online integration between Aktif Bank and the PTT was initiated on 26 January, 2010 between 153,252 transactions in the amount of TL 125.6mn was realized. Due to the cooperation and online integration with the PTT, which has nearly 4,000 branches as well as with all 8,800 bank branches with 22,800 ATMs in the Turkish banking network, the Bank has become the biggest banking network of Turkey. It provides a variety of banking services including cash deposit and withdrawals and a money transfer program. Furthermore, with "Parantez Credit", the Bank has enabled the accessibility of credit products and online credit assessment through the Post Offices to PTT customers. The Bank began to offer loans for the retired, who draw their pension from the PTT, in July 2010. During the FY2010, the Bank granted consumer loans in the amount of TL 92.7mn to around 21.000 customers. In December 2010, a foreign currency transfer function was added to the UPT system.

- **City Banking**

In metropolitan areas the needs of modern lives has increased as a parallel to rapid urbanization. To respond to these needs, Aktif Bank has created a structure called "City Bank". The City banking services are based on the second pillar of the Bank's strategy, offering a wide range of services such as the collection of invoices, ticket office operation and project finance of city infrastructure investments. In city banks, only commercial banking services are provided. When opening branches, the Bank prefers cities where its group firm E-Kent A.Ş operates. E-Kent A.Ş. is the largest and one of the leading operators of Electronic Fare Collection Systems (EFCS) in public transport services. The Bank aims to create higher synergy collaboration with group firms and expand its activities as well as increase the presence in this field. E-Kent A.Ş. operates in Bursa, Gaziantep, Kayseri, Tokat, Sakarya, Düzce Kütahya, Çankırı Provinces as well as in the city of Anamur in the field of selling, installation and operating electronic fare collection solutions and electronic payment systems. In this context; The Aktif Card System "AKS" is a pre-paid, debit and credit card management system utilizing chip technology. AKS simultaneously supports transport and prepaid card applications together with campaign features. AKS's card "Aktif 38" is the city card application in Kayseri that was put into service on 5th August 2010 and awarded internationally. Aktif Nokta is a kiosk system that enables customers to buy smart, pre-paid and magnetic tickets etc. "OtoPOS", a system using bank credit cards for transportation, was designed as the result of studies conducted by E-Kent A.Ş. "Seyyah Card" allows people visiting Turkey to shop and withdraw cash trough the ATM and POS networks.

- **Regional Banking**

The Bank, taking into account the intensive know-how of the Turkish banking sector, developing economic ties and business volume of targeted countries, set up its Regional banking strategy. In parallel to its regional banking strategy the Bank plans to expand into the Balkans (particularly Albania and Kosovo), Eastern Europe, the Arabian Peninsula and North Africa while also aiming to transfer banking knowledge to less developed countries. These regional locations are operating areas of Çalık Holding and therefore accessible under this strategy. The Bank designs entire systems to utilize the advantages and synergy of the group's companies as well as develops products which are easily adapted into foreign countries. In the financial arena, BKT, a Group financial entity, operates with a network of 57 branches/agencies in Albania and 15 branches in Kosovo at the end of FY2010. Aktif Bank plans to become the financial intermediary for all trade between Albania, Kosovo and Turkey.

- **Other Major Service Areas of Aktif Bank**

Under the "New Generation Banking Model" strategy, The Bank has focused on bringing novelty to the corporate and retail banking areas. The Bank offers corporate banking services to its group companies and third party clients with cash credits, non cash credits, foreign trade financing, investment and project financing, leasing, factoring and insurance as well as granting consumer loans in retail banking services via mainly intermediary of PTT and its dealers. The Bank has also focused on trade finance solutions between Turkey, Albania, and Kosovo in addition to other near region countries. The products in the corporate banking field are in line with the Bank's Direct, Regional and City Banking strategies.

Through its expertise in project and corporate finance, the Bank provides services of mergers & acquisitions, advisory on energy efficiency, strategic partnership, restructuring, regional development and industrial strategies. Project feasibilities, business plans and investment evaluations are also areas covered under this pillar. In parallel to its Regional Banking strategy in the corporate banking field, Aktif Bank became the local and regional agent of the ITFC and ICIEC, both subsidiaries of the Islamic Development Bank in FY2009. Moreover, Aktifbank signed franchise contracts with Euler Hermes, Coface Sigorta A.Ş. and Atradius.

As a consequence of this cooperation, the Bank was able to widen product diversity, offering "Export, Investment and Documentary Credit Insurance" products to investors. It also gave the Bank the opportunity to play an important role in the development trade of Turkey in addition to Azerbaijan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Albania through services in marketing, operations, credits, treasury and etc.

For companies operating in foreign countries with interests in Turkey, the Bank intends to offer country, sector and company research reports along with technical project analysis, logistics support and consulting services under the name of Act office.

The Bank has offered its corporate banking customers with a new cash management service, under the proposed name of Integrated Receivables Management. This will facilitate management of the collection processes of its customers' deferred receivables. Service offerings include cheques, invoices and notes collections, card collection systems, subscriber collection systems, salary and bill payments, which briefly cover the needs of the cash flow structure.

c) Organization&Employees

The Board of Aktif Bank consists of seven members two of which are non-executive. The current CEO has been at the helm of operations since 2007. The senior management team of the Bank is comprised of the CEO, seven executive vice presidents, four managing directors and one chief legal counsel. All these managers are highly educated in their respective fields and have relevant prior work experience making them highly competent to manage the affairs of the Bank. The senior management of the Bank is organized under 9 Group Heads, namely; Information Technology, Finance, Treasury, Financial Institutions, Operation, Retail Banking, Subsidiary Management, Corporate Banking, Strategic Planning & Business Development and 3 Departments namely; Legal, Human Resources & Support service and Organization & Corporate Communication. The 'Internal System Group' operates under the Audit Committee, and this is comprised of the Internal Control, Internal Audit and Risk Management Departments.

The Bank set up four committees, namely: the Credit Committee (consisting of the CEO and two of the Bard Members), Asset and Liability Committee (consisting of a total of 18 members), Audit Committee (consisting of two Board Members) and Promotion Committee (consisting of 16 members).

With respect to the rapidly growing organization, the Bank's work force has expanded by 35% at the end of FY2010 in comparison to FY2009. As of December 31, the Bank employed 316 employees (FY2009:236) with an average age of 31 years.

Aktif Bank grants crucial importance to the enhancement of knowledge and ability of its employees, and therefore provided a total of 14,420 hours of employee training during the year FY2010 (FY200: 7,286). This translates into an average of 52 hours of training for each employee of the organization per annum. As of December 31, 2010, the Bank operated with a total network of 6 branches; located in

İstanbul, Bursa, Kayseri, Gaziantep, Sakarya and Düzce. The management plans to expand its network by opening a total of three new branches in Kütahya, Ankara and Samsun during the year.

d) Shareholders, Subsidiaries and Affiliates

Çalık Holding A.S. has a 98.58% share of the Bank while the remaining 1.42% share is owned by GAP Güneydoğu Tekstil A.Ş., Ahmet ÇALIK, Başak Enerji Elektrik Üretim San.ve Tic. A.Ş. and Irmak Enerji Elektrik Üretim Madencilik A.Ş. During the year FY2009, 0.36% of the shares ownership was altered and Başak Enerji Elektrik Üretim San. ve Tic. A.Ş. and Irmak Enerji Elektrik Üretim Madencilik A.Ş. became shareholders from Mahmut ÇALIK and Ali AKBULUT. Aktif Bank's share capital was increased from TL 155mn to TL 163mn in December, 2010 with a cash equity injection of TL 7.96mn by Çalık Holding A.Ş. The shareholding pattern is detailed in the following table.

Shareholding Structure	2008 Share (%)	2009 Share (%)	2010 Share %
Çalık Holding A.Ş.	98.51%	98.51%	98.58%
GAP Güneydoğu Tekstil Sanayii ve Tic.A.Ş.	0.79%	0.79%	0.75%
Ahmet ÇALIK	0.35%	0.35%	0.33%
Başak Enerji Elektrik Üretim San.ve Tic.A.Ş.	0.00%	0.18%	0.17%
Irmak Enerji Elektrik Üretim Madencilik San.ve Tic.A.Ş.	0.00%	0.18%	0.17%
Mahmut ÇALIK	0.18%	0.00%	0.00%
Ali AKBULUT	0.18%	0.00%	0.00%
Total	100.00%	100.00%	100.00%
Paid Capital-TL (000)	114,000	155,040	163,000

Çalık Holding A.Ş. is a diversified conglomerate, located in İstanbul with operations spread out in twelve countries across three Continents, of which prime business activities are based in Turkey, the Balkan States and Turkic Republics. The Holding has diversified its geographical and business risks by having interests in seven different sectors, namely; construction, textile, finance, energy, telecom, marketing and media and majority of the projects undertaken are in strategic businesses.

On 20 December 2010, Aktif Bank sold its shares of 75% in Çalık Yönetim Sistemleri A.Ş. (ÇYS) in the amount of TL 2.31mn to Çalık Finansal Hizmetler A.Ş. (ÇFH), than finally sold its shares of 24% in Çalık Finansal Hizmetler A.Ş. amounting to TL 50.21mn to Çalık Holding A.Ş. (*ÇYS and ÇFH own 100% of E-Kent A.Ş and Banka Kombetare tregtare respectively and E-Kent A.Ş owns 98% of E-Tik Elektronik Transfer Kup. Ltd.Şti.*). After these transactions, the Bank retains only one share of the Epost Elektronik Perakende Otomasyon Satış Ticaret A.Ş.

Subsidiary & Direct or Indirect Participating	FY2009 Shares %	FY2010 Shares %
Çalık Finansal Hizmetler A.Ş.	24.0	-
Banka KombetareTregtare	24.0	-
Çalık Yönetim Sistemleri A.Ş.	75.0	-
E-Kent Elektronik Ücret Toplama A.Ş.	75.0	-
E-Tik Elektronik Transfer Kup.Ltd.Şti.	73.5	-

5. Financial Foundation

a) Stability of the Financial System

The Turkish banking sector, covering 49 institutions with a total of 10,072 branches and 191 thousand employees, makes a significant contribution to the Turkish civil employment and had an 80.45% share within the Turkish financial system in terms of total assets.

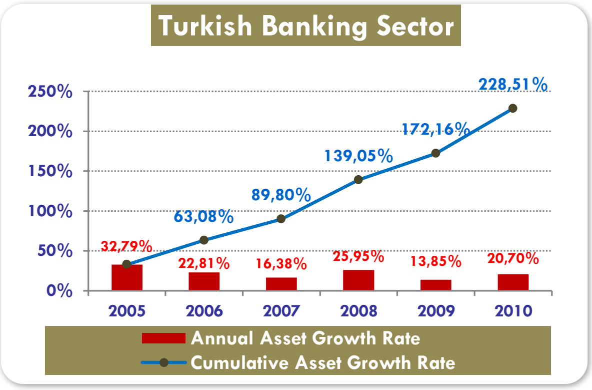
Turkish Financial Sector	FYE2010 Asset Size (TL bn)	Market Share	Number of Institutions
Central Bank	128.4	9.85%	1
Banks	1,007	77.24%	49
Financial Leasing Companies	15.8	1.21%	35
Factoring Companies	14.5	1.11%	76
Consumer Finance Companies	6.1	0.47%	11
Asset Management Companies	0.7	0.05%	6
Financial Holding Companies			3
Insurance Companies (1)	31.0	2.38%	57
Pension Funds	11.7	0.90%	
Securities Intermediary Inst. (2)	8.0	0.61%	103
Investment Trusts (3)	0.7	0.05%	31
Mutual Funds (3)	29.7	2.28%	
Real Estate Investment Trusts (2)	5.1	0.39%	18
Venture Capital Invest. Trusts (2)	0.2	0.02%	2
Portfolio Man. Companies (3)	44.9	3.44%	28
TOTAL	1,303.8	100.00%	420

(1) June, 2010 data, (2) September, 2010 data, (3) November, 2010 data

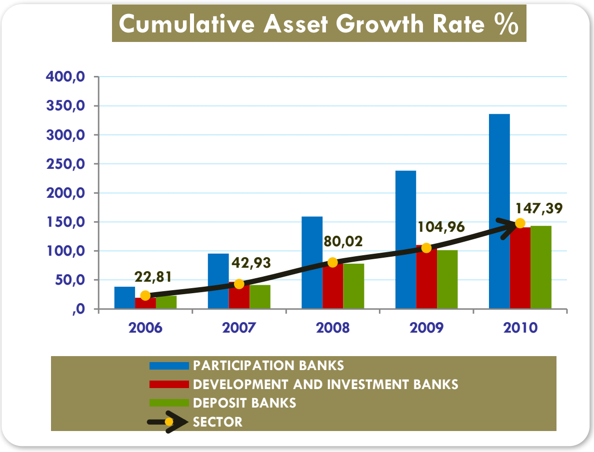
Source: BDDK

DECEMBER 2010	NUMBER OF BANKS	NUMBER OF BRANCHES	NUMBER OF STAFF
DEPOSIT BANKS	**32**	**9,423**	**173,134**
State Banks	3	2,744	47,235
Private Banks	11	4,582	83,633
SDIF Bank	1	1	252
Foreign Banks	17	2,096	42,014
DEVELOPMENT & INVESTMENT BANKS	**13**	**42**	**5,370**
PARTICIPATION BANKS	**4**	**607**	**12,703**
TOTAL	**49**	**10,072**	**191,207**

The year-end total assets position of the Turkish banking sector showed a steady upward trend within the last six year period. Total assets had a cumulative six year growth rate of 228.51% and a cumulative five year growth rate of 147.39%. YoY growth rate of total assets was 20.70% amounting to USD 654,703mn as of FYE 2010.



Despite the ongoing upward trend in the growth rate of the Turkish banking sector in 2010, there has been a deceleration in the branch network and personnel size of the sector caused by the sectorial bearing to alternative operating channels and efficiency. It is expected that in the near future the Turkish banking sector will develop a more effective and widespread domestic and foreign network by increasing its access channels, customer portfolio and product range.



There are increasing speculative global funds incoming to the Turkish economy because of the existence of more stable fiscal and loan policies than those in European countries, which cause a decrease in interest rates, an upward movement of stocks and an appreciation in currency (TL).

Under these circumstances, the credit volume has increased by an upturn in domestic demand. However, there are still substantial opportunities for the banking sector to improve its financial depth among household and companies bases.

It is expected that new policies partly to phase out stimulus measures, including tight credit policy via increases in reserve requirements held at the TCMB to dampen the credit boom, which will be applied by the TCMB in consideration of upturn in domestic demand and exacerbation of current account deficit in 2011, will have adverse effects on the growth and short term profitability of the banking sector. However, it is not expected that effects of this policy will be visible in the macro credit lines within the economy.

Deposit and participation account holders are the largest customers and sources of funds of the financial sector. The share of these among total sources was 61.3% as of FYE2010 (FYE2009: 61.8%). Syndicated and other loans' share was 12.1% as of FYE2010, an increase compared to FYE2009. The total credit to total assets ratio increased from 47.56% at FYE2009 to 52.54% at FYE2010. Securities held the second highest share with a ratio of 27.84% at FYE2010.

The Turkish banking sector, which has a high integration with world economies, is reasonably open to global interactions. However, it managed to fall outside of the global crisis up to the present by newly executed country-wide financial regulations and reforms following the 2000 and 2001 crisis. Leading factors of this performance were the banking sector with adequate capital support, a static market which has not forced the liquidity position of banks and business mix structure of the Turkish banks differing from that of the banks in developed countries, and macroprudential policies by relevant public authorities and a lasting interbank trust by liquidity resources created by the TCMB.

Improvements in capital adequacy ratios of the sector are shown below with the average ratio of 18.97% at FYE2010.

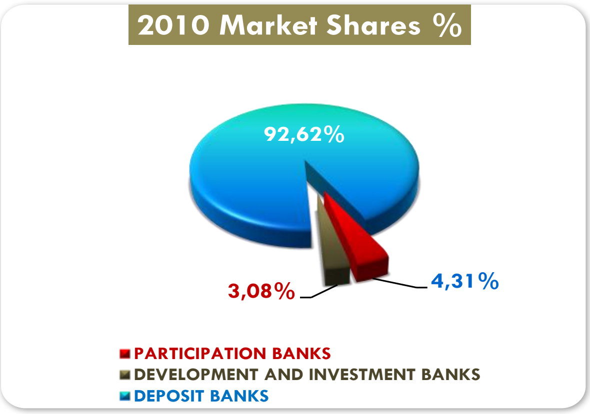
CAPITAL ADEQUACY RATIO %	2006	2007	2008	2009	2010
PARTICIPATON BANKS	16.51	16.14	15.39	15.27	15.07
DEVELOPMENT & INVESTMENT BANKS	86.17	64.74	58.62	60.27	58.65
DEPOSIT BANKS	19.89	17.37	16.53	19.28	17.74
SECTOR	21.90	18.94	17.98	20.62	18.97

On the other hand, auditing and monitoring processes applied at a high quality and at an international level have increased the institutionalization and organization of the sector. The banks have begun to take more notice of budget, funds flow, grading, the creation of internal security and risk methodologies, investigations into the details of pricing policies and the creation of loan policies depending on objective criteria.

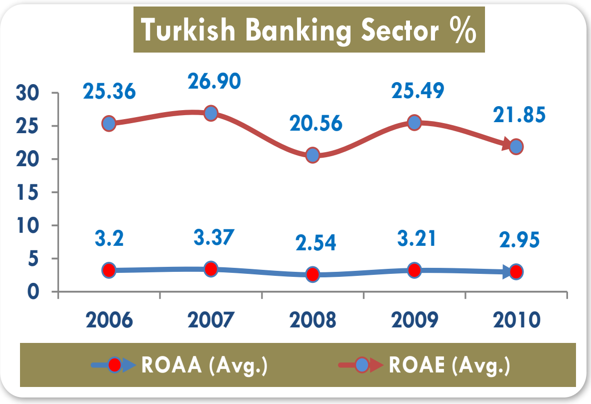
Even though the 'nonperforming loans-to-total loans' ratio of the sector began to increase as of FYE2008 and reached the ratio of 5.27% in 2009, it decreased to 3.65% which is under world averages as of FYE2010.

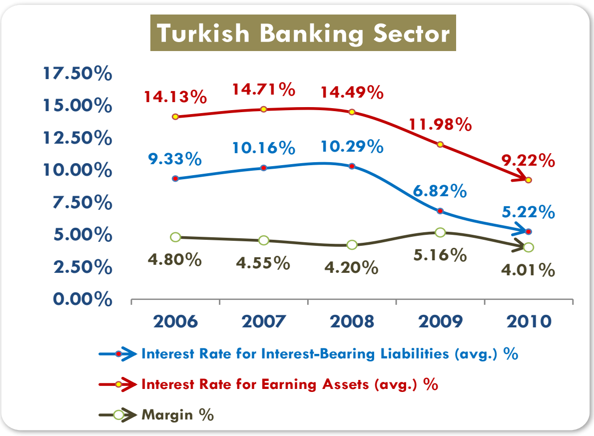
When the ratios of 'deposits and credits-to-GDP' and 'credits-to-deposits' which are the indicators of financial intermediation are taken into account, the Turkish banking sector remains below the average of the European banking sector.

The shares of deposit banks, participation banks and development and investment banks of the sector are 92.63%, 4.30% and 3.07% respectively.



Profitability indices of the Turkish banking sector, which has a relatively low currency risk, retreated and the interest margin narrowed in FY2010 as shown in the graph below. It is anticipated that this trend will also continue in 2011.



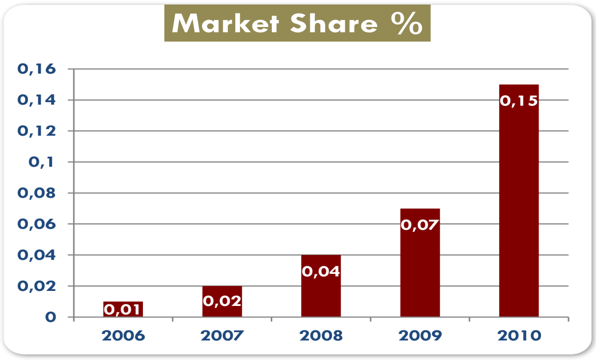


b) Financial Indicators

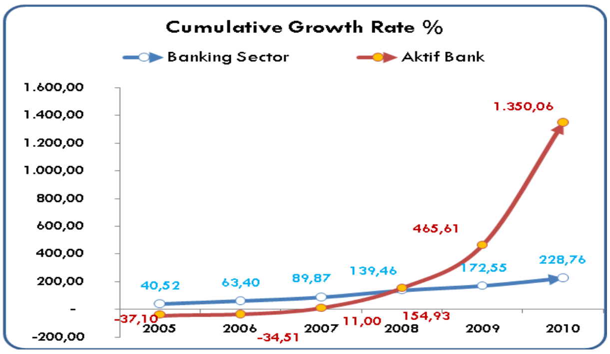
- **Indices relating to size**

The Bank has continued its impressive asset size growth during FY2010 with its cumulative asset size growth reaching 2,114%, a more than 21-fold increase from the beginning of restructuring efforts, which began in 2007. During the year under review, the asset growth rate was recorded at 156.37% (FY2009: 121.87%) which was markedly above the growth rates of both the development and investment banking sector and the entire Turkish banking system for the same period at 14.57% (FY2009:17.81%) and 20.81% (FY2009:13.82%) in respectively.

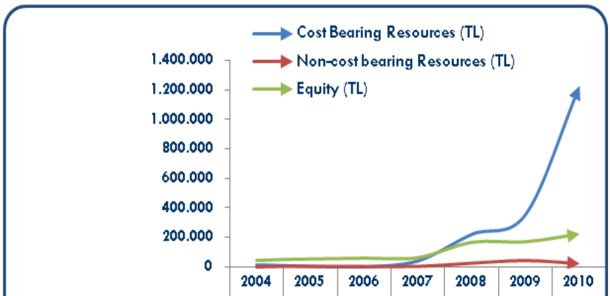
With respect to the Bank's impressive growth performance, its market share of the entire banking sector has doubled each year for the period FY2006 and FY2010 and reached 0.15% at the end of 2010 from 0.01% in FY2006. Additionally, the market share amongst all 13 development and investment banks increased to 4.78% FY2010 from 2.14% FY2009 (FY2008: 1.13%).



For the period FY2005 and FY2010, Aktifbank's growth performance, up to FY2008, was below the sector average while after that year the Bank performed markedly better than the sector and growth rate spread significantly differed as the grow rate of the Bank reached to 5.9 times of the banking sector average.

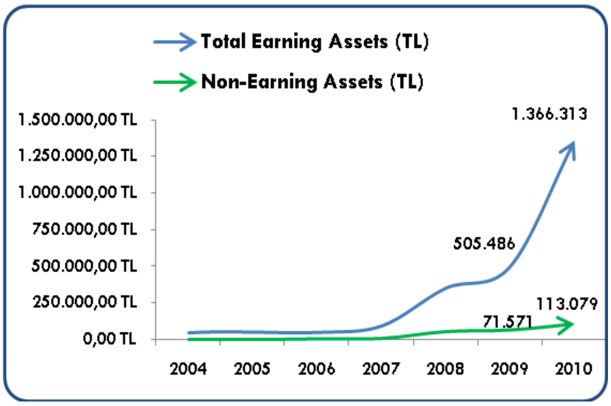


The components of the 156.37% growth achieved by the Bank during FY2010 were that earning assets displayed a growth of 149.18% while the non earning assets expanded by 7.19%. On the liability side, to support the asset side growth, cost bearing liabilities contributed 150.91%, non cost bearing liabilities decreased by 3.65% while equity contributed 9.11%. This result indicates that the Bank recorded its growth by depending essentially on cost bearing liabilities. In these context cost bearing liabilities, increased from TL 361mn in FY2009 to TL 1,232mn in FY2010, indicates a growth 241.19% while non-cost bearing liabilities decreased by 49.22 % from TL 43mn in FY2009 to TL 22mn in FY2010.

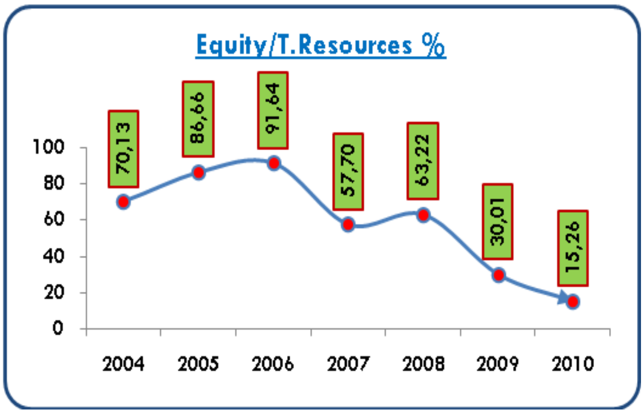


	2004	2005	2006	2007	2008	2009	2010
Cost Bearing Resources (TL)	15.083	6.326	3.280	44.445	224.438	361.060	.231.90
Non-cost bearing Resources (TL)	6.224	2.234	2.305	3.451	25.319	42.804	21.737
Equity (TL)	50.016	55.617	61.234	65.346	168.817	173.193	225.752

As seen from the graph below, 92.36% (1,366mn TL) of total assets were directed towards the earning asset categories (FY2009: 87.60%), while 7.64% (113mn TL) was kept in non-earning assets categories (FY2009: 8.94%). The increase in the proportion of earning assets in total assets during the year under review has affected the Bank's profitability in a positive manner. For the last three year period, the total earning assets to total assets ratio of the bank displayed an increasing trend and the ratio reached its highest level of 92.36% at the end of FY2010 from 80.92% in FY2008. The ratio of development & investment banks was 93.54% at the end of FY2010 and 92.95% in FY2009. The figure above indicates that the Bank's ratio and the sector ratio stood at a similar level. Aktif Bank reflected the advantage of a high asset growth as well as an increase in earning assets to total assets in its profitability. The Bank's profit before tax rose by 269.34% year-on-year at the end of FY2010.



Equity as a proportion of the Bank's total resources reached its highest level of 91.64% during FY2006 the ratio has displayed a declining trend from FY2006 to FY2010 except for the year 2008. Due to the substantial equity injection in FY2008 the ratio reversed to 63.22%, however it declined to its lowest point during the period under review (FY2010). On the one hand, the ratio indicates that the Bank's growth is funded essentially by external recourses; on the other hand it indicates the Bank's capability to access funds easily as well to effectively direct nearly all resources toward growth.



In the first quarter of FY2011, the Bank has continued its high growth rate in asset base and exhibited an increase by 38.31% according to the end of FY2010.

- **Indices relating to profitability**

Contrary to that in FY2009, the Bank's net profit displayed an impressive increase in FY2010 with a nearly 13-fold growth exhibited year-on-year basis. The Bank booked a net profit of TL 43.5mn at the end of FY2010 whereas this figure for FY2009 was TL3.1mn. During the FY2010, the Bank's asset size exhibited a growth of 156.37% from year-end 2009, while the net profit of the Bank increased by 1,279.24%, which is beyond the asset size growth. When analyzing the details of this great success in profit, 69.52% of the net profit (TL 30.3mn) was composed of revenue from the sale of all Bank affiliates and subsidiaries. This high profit level therefore, was the result of a one-time transaction. When excluding this amount from the total net profit, the Bank's net profit increase stands at 320.44% which nevertheless still indicates the Bank's success.

The Bank's 2009 financial results adjusted in the FY2010 Audit report and the affects of the adjustments in both financial and ratios are shown in tables below. As can be seen, after adjustments, the ROAA and ROEA and some other profitability ratios were affected in a positive direction.

YEAR 2009 INCOME STATEMENT	In 2010, adjusted Income and Expenditure Items of 2009	The First version of income-expenditure items of 2009	Differences
Net Profit Share income	**32,574**	**28,749**	3,825
Interest Income	40,495	37,134	3,361
Interest Expense	7,921	8,385	- 464
Net fee and commission income	**5,227**	**5,227**	-
Fee and commission income	5,718	5,718	-
Fee and commission expense	491	491	-
Total operating income	**7,736**	**14,979**	- 7,243
Net trading income (+/-)	5,320	5,330	- 10
Other operating income	2,416	9,649	- 7,233
PROVİSİONS	**1,000**	**-**	1,000
Other Provision	1,000		1,000
Total operating expense	**31,355**	**44,553**	- 13,198
Salaries and employee benefits	18,689	25,088	- 6,399
Depreciation and amortization	1,224	4,669	- 3,445
Other expenses	11,442	14,796	- 3,354
Profit from operating activities before income tax	**13,182**	**4,402**	8,780
Income tax – current	2,403	1,247	1,156
Income tax – deferred	7,624		7,624
Net profit for the period	**3.155**	**3.155**	-
Total Income	**45,537**	**48,955**	- 3,418
Total Expense	**31,355**	**44,553**	- 13,198
Provision	**1,000**	**-**	1,000
Pre-tax Profit	**13,182**	**4,402**	8,780

AKTİF BANK FINANCIAL RATIOS	Adjusted 2009	First Version 2009	Differences
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pre-tax Profit/Total Assets (avg.)	3.15	1.05	2.1
2. ROE- Pre-tax Profit/Equity (avg.)	7.81	2.61	5.2
3. Total Income/Equity (avg.)	26.97	29	-2.02
4. Total Income /Total Assets (avg.)	10.88	11.7	-0.82
5. Provision/Total Income	2.2	-	2.2
6. (Total Expense/Total Liabilities (avg.) %)	7.49	10.64	-3.15
8.Total Income/Total Expense %	145.23	109.88	35.35
11.Total operating expense/Total Income	68.86	91.01	-22.15
12. Interest Margin	9.1	8.03	1.07
13. Operating ROAA = Operating Net Income/Asset (avg.)	5.04	3.05	1.99
14. Operating ROAE = Operating Net Income/Equity Capital(avg.)	12.5	7.57	4.93
15. Interest Coverage (EBIT/Interest Expense)	266.42	152.5	113.92
16. Net Profit Margin	6.93	6.44	0.48
17. Gross Profit Margin	28.95	8.99	19.96
IV. ASSET QUALITY			
2. Total Provisions/Profit before Provision and Tax %	7.05	-	7.05
V. OTHER			
1.Asset/ (Total Guarantees and Commitments +Asset)	48.92	53.88	-4.96
2.Equity/(Total Guarantees and Commitments +Equity)	22.32	25.96	-3.64
3.Own Fund/(Total Guarantees and Commitments +Own fund)	19.63	22.96	-3.33

The total income of the bank is mainly generated in the form of net interest income, which composed 36.66% of the total income during FY2010 (FY2009: 71.53%), while net fees and commissions income accounted for 27.38% of total income in FY2010 (FY2009: 11.48%). The remaining total operating income comprised 35.96% during FYE2010 (FYE2009: 16.99%). The income levels have shown a stark difference when compared to those of the previous year.

The interest income from loans and advances increased by 62.49% year-on-year during FY2010 while the loans base increased by 159.18% (average loans increase 160.33%) during the same term. The loans increase was markedly beyond the increase experienced in the interest income increase; this was primarily due to the decreasing interest rates and severe market competitions. The average interest rates for Euro, USD and TL loans decreased to 6.72%, 6.39% and 9.81% at the end of FY2010 from 9.11%, 9.05% and 15.65% at the end of FY2009, respectively. These decreasing interest rates coupled with the increase in external funds are the factors contributing to the decrease in net interest income.

The net interest margin is crucial for the banking sector for the continuity of sustainable growth. The ratio for entire banking sector and development &investment banks stood at 4.01% and 4.67% respectively at the end of FY2010, which decreased from 5.16% and 6.46% FY2009. The net interest margin ratio of the Bank was 4.08% at the end of FY2010 indicating the sector average. However, the ratio fell sharply over the sector, from 9.10% at the end of FY2009.

The Bank's significant growth is mainly funded by cost bearing resources which increased by 241.19% year-on-year at the end of FY2010. The interest expense increased by 305.38% over the cost bearing increase in the same term.With respect to the Bank's significant growth, Meanwhile the earning assets increased by 170.30% FY2010 in comparison to the previous year. As result of these developments the Bank's net interest income rose by only 16.47% in FY2010.

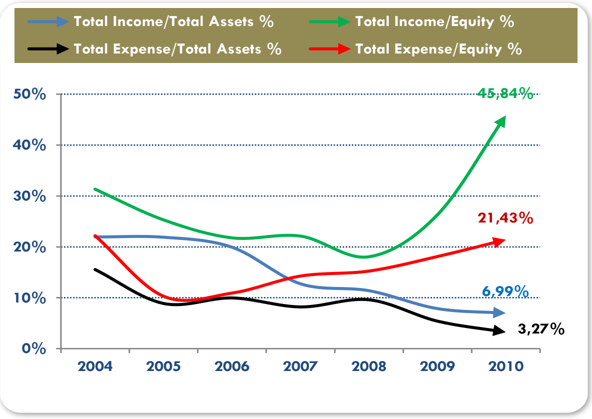
Net interest income to total income ratio decreased to 36.66% FY2010 from 71.53% FY2009 due to a significant increase of 442.07% in net fees and commission income and a 380.96% increase in total operating income.

Net fees and commissions income of the Bank increased by 442.07% at end of FY2010 year-on-year. This increase was essentially the result of a remittance fee increase (TL15,738k), which comprised 51.63% of the Total fee and commission income (TL 30,485k), as well as an increase in commission income secondly generated by an exhibited 176.24% growth in off balance items of the Bank. Remittance fees resulted from the Bank's innovative product, Universal Money Transfers (UPT), which was launched into service in FY2010 in cooperation with the PTT. Throughout the entire Turkish banking sector, revenues based on net fees and commissions comprised 24.24% of core banking revenues while this figure stood at a higher 42.75% for the Bank. Revenues generated from this field carry a relatively lower risk and their sustainability is important for the Bank's continuing profitability.

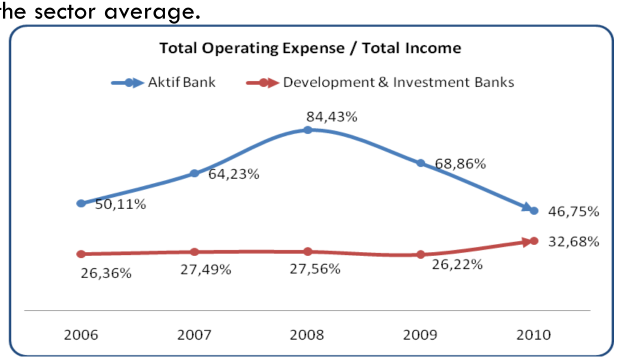
The total operating income increase mostly resulted of revenue TL 30,250k from the sale of all Bank affiliates and subsidiaries at the end of FY2010. This revenue is one time transaction, and therefore not a reoccurring income source.

From this point forward, fee and commission income will be a major and crucial profit item for the Bank.

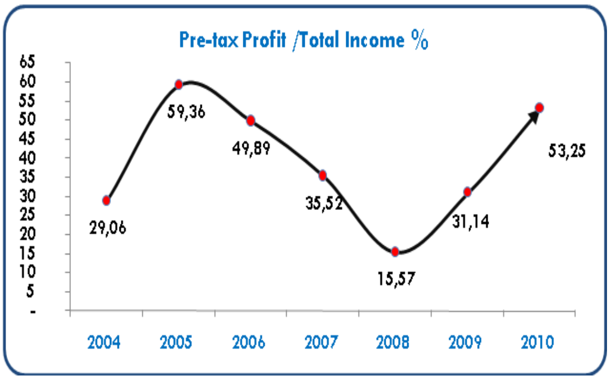
The Bank's total income to total assets ratio has followed a declining trend between the FY2004 and FY2010 and reached its lowest level of 6.99% at the end of 2010 from 21.95% in FY2004. in the same period, the total expense to total assets ratio also decreased to 3.27% FY2010 from 15.57% FY2004. Although total income to total assets ratio exhibited a decline trend, the ROAA ratio increased as a result of the declining ratio of total expense to total assets. During the FY2010 the equity of Aktif Bank increased by only 30.35% while net profit increased by 1,279.24% in comparison to the previous year; thus total income to equity ratio increased at the end of FY2010.



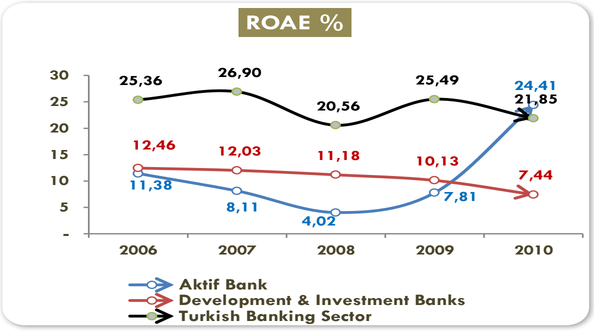
The Bank's total operating expenses as a proportion of total income has reached a peak level of 84.43% at the end of FY2008 with respect to the results of restructuring efforts, which were initiated in the second half in FY2007, from then showed a decreasing trend and reached 46.75% at the end of FY2010. Though this is taken as a positive development, the ratio of the Bank still remains above the average market indicator for the periods mentioned below. However, depending on an accelerating income increase as result of newly introduced innovative products, the ratio is likely to come further down to match the sector average.

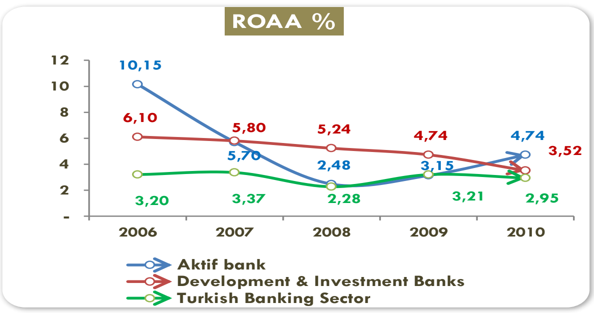


As noted in the following graph, between FY2005 and FY2008 the ratio of pre-tax profit to total income steadily decreased and reached its lowest level of 15.57%. In the last two year period this trend reversed and the ratio reached 53.25% primarily owing to an increase of 127.25% in total income while lower increase in total expense at 54.29% at the end of FY2010 (FY2009: 31.14%). This ratio for the investment & development banking sector and the entire banking sector was 60.27% and 44.73% at the end of FY2010 (FY2009: 63.20% and 41.37%), respectively. These figures indicate that the Bank's ratio exceeds the entire banking sector ratio, however compared to the investment & development banking sector, the Bank has further room for enhancing its ratio.



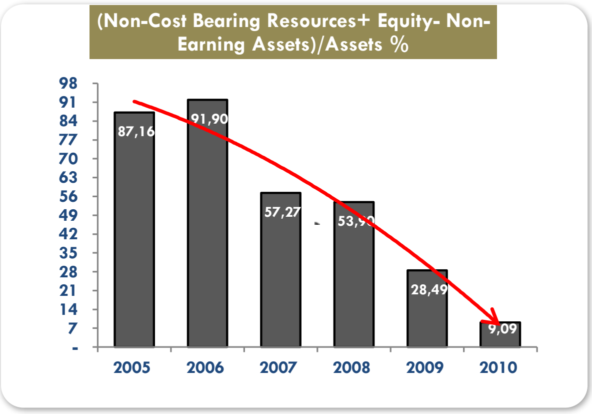
As indicated in the graphs below, the ROAA and ROAE ratios of the Bank markedly increased and reached their highest level for the period under review. The Bank's Gross ROAA and ROAE ratios stood at 4.74% and 24.41% respectively at the end of FY2010, which were higher than the banking sector as a whole as well as the development and investment banking sector ratios.



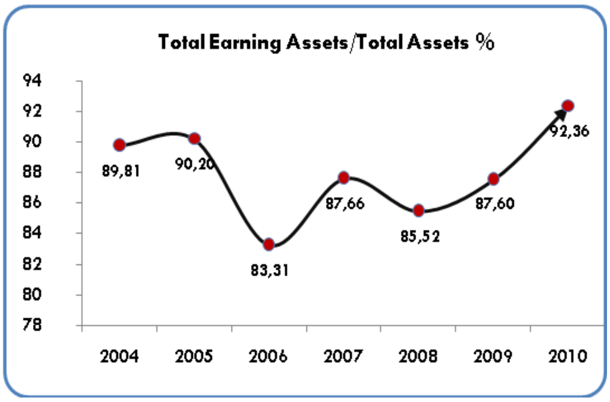


However, according to the unconsolidated BRSA audit report, Gross ROAA and ROEA ratios are 3.79% and 20.28% for FY2010. These figures are relatively lower than those of the consolidated IFRS audit report but still higher than the development & investment banks ratios and nearly equal to the entire banking sector averages ratios.

The ratio of non-costly liabilities+ equity-non-earning assets to total assets has shown a steadily declining trend. This ratio decreased from 91.90% at the end of FY2006 to 9.09% at the end of FY2010. This stance indicates that the Bank's growth was principally funded by cost bearing funds that in the case of the continuity of the situation, the profitably of the bank will be adversely affected due to increasing interest expenses. At the same period, the ratio of non-costly liabilities+ equity-non-earning assets to total assets of the Turkish banking sector has increased to 12.34% as of FY2010 from 7.82% at the end of FY2006.



Total earning asset to total assets ratio fluctuated during the period between FY2004 and FY2008. After FY2008 the trend turned upwards and reached the highest level at the end of FY2010 for the period under review. The highest level of the ratio indicates the effective usage of the Bank's resources therefore increasing the ratio is expected to positively affect all profitability ratios.



Aktif Bank recorded a net profit of TL 28.8mn for the three month period ending March 31, 2011, which indicates an increase by 1459.41% in comparison to the same period in FY2010. Furthermore the Bank reached 82.18% of its previous year's net profit. This net profit figure is impressive and reflects the Bank's internal funds generating capability

6. Risks and Risk Management, Organization

The Bank is exposed to Credit Risk, Market Risk, Liquidity Risk and Operational Risk from its use of financial instruments. Its objectives and policies are to define measure and manage risks in order to protect its capital as well as support profitable and sustainable growth.

In this context the Board of Directors has the overall responsibility for establishing and supervising the Bank's risk management framework. The Bank has set up the following committees and departments in order to establish a thorough and comprehensive risk management system under its risk management framework.

Audit Committee: The Committee was established to assist the Board of Directors in its auditing and supervisory activities. The Audit Committee is composed of two non-executive members of the Board. The Committee submits an 'Audit Committee Report' to the Board at least every six months and describes in detail the results of the internal audit, internal control and risk management systems functioning throughout the Bank. During FY2010 it held ten meetings.

Internal System Group: Internal Control, Internal Audit and Risk Management Departments were established in line with BRSA regulations dated November 1st, 2006. The Internal System Group operates under the Audit Committee and reports directly to the Audit Committee. In these departments, a total of 11 staff members were hired and 5 of them were employed in managerial positions.

Credit Committee: The Credit Committee consists of the CEO and two elected Board Members. The Committee assesses credit applications and opens credit lines in the context of delegated authorities by Board of Directors.

The Audit and the Credit Committee has been set up in accordance to the governing legislation.

Asset and Liability Committee: The Committee consists of eighteen members other than the CEO. The Committee, an advisory board, establishes the financial policies and strategies required for the management of the Bank's assets and liabilities assess liquidity risk, market risk and capital adequacy and makes decisions to be implemented by department as well as monitor the practices.

a) Credit Risk

The Bank's credit risk management policy, observing the principles of safety, liquidity and productivity, is based on three pillars; customer selection, allocation limits based on dynamic portfolio management and credit pricing with considerations of maximizing risk-adjusted returns. Furthermore, the Bank regards sectoral and group concentration for diversification purposes as well as constraints arising from legal arrangements. The Board of Directors has overall responsibility and authority to allocate credit limits. The Board uses this right directly or delegates to the Credit Committee and the CEO in predetermined limits. When assessing the credit worthiness of corporate customers, the Bank uses an in-house developed and updated internal credit risk assessment system. The Internal credit risk assessment system of the Bank grades loans in 12 categories in the wide range from the highest (AAA) to the lowest (D3).

According to the principle set by the management, loans collateralized by cash are reviewed every three years by the credit committee, while those in the A rating group (AAA, AA, A) are reviewed once every year. Those categorized in the B group (BBB, BB, B) are re-evaluated once every 9 months and those in the C group (CCC, CC, C) once every 6 months. The management is however empowered to change these reviewing periods.

On the other hand, as stated in the unconsolidated audit report which has been submitted to Banking Regulation and Supervisory Authority (BRSA), the Bank has graded all cash loans and non-cash loans in three categories; low risk, medium risk and high risk. The Bank rated 49.76% of its outstanding cash loans as low risk (FY2009: 76.78%), 35.70% at medium risk (FY2009: 23.05%) and 0.08% at high risk (FY2009:n.a). The low and medium risk category loans increased by 57.07% and 275.33% during FY2010 as compared to the year before, while during the same period the total loan portfolio increased by 142.60%. The higher increase in medium risk category loans in comparison to the increase in total loans and low risk category loans indicates a deterioration of loan quality. However, the very low NPL ratio shows that there are no constraints in its loan quality. The Banks internal grading system has not been approved by BRSA nor obtained validation from any other authorized independent institution.

The Bank's total cash loan portfolio expanded by 159.18% year-on-year at the end of FY2010 (FY2009:163.37%) and exceed the sector performance. In the same term, the loans of entire banking sector and development & investment banks exhibited a growth of 33.44% and 15.99% (FY2009: 6.85% and 16.37%) respectively. Of the Bank's total cash loans, 86.28% are allocated to corporate clients while the remaining 13.48% to retail businesses. The Bank has initiated the retail business during FY2010 which is why it has enhanced its credit segmentation as well as expanding its customer base while allocating nearly all cash loans to corporate clients in FY2009. The distribution within the loans portfolio displays appears concentration in the construction, general services and financial institution sectors which composes 24%, 21% and 11% of the total outstanding loan portfolio, respectively. In comparison to the year before, concentrations in these fields have increased except the financial institution (FY2009: 23%, 12% and 17%, respectively). It can be said that the loans of the Bank have remained well distributed for FY2010 as well as FY2009.

Non-cash loans of the Bank have increased by 170.72% in TL basis during FY2010. The distribution within the non cash loans portfolio indicates a concentration in the Electricity Industry, Construction and Energy Industry Sectors which composes 32%, 22% and 10% of the total outstanding non cash loan portfolio, respectively. In comparison to the year before, concentrations in the Electricity Industry and Construction fields have increased while the energy industry has decreased (FY2009: 1%, 19% and 22%, respectively).

The cash loans granted to the top 25 customers made up 81.4% of the total cash loans. For the non cash loans this figure was 86.9%.

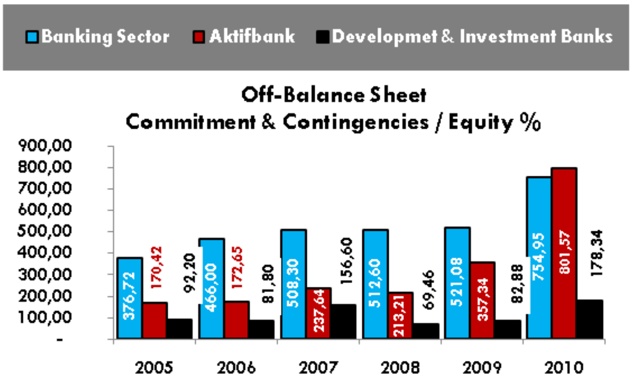
The Bank's cash loans directly or indirectly granted to the main shareholding group (Çalık Group) to total cash loans ratio decreased to 48.02% in FY2010 from 60.27% at the end of the previous year, despite exhibiting an increase in the amount of TL 195mn to TL 350mn. During the same period the non-cash loans granted to Çalık group notably increased to 65.10% from 54.33%. Furthermore, the Bank has made investments in a bond issued by Çalık Holding amounting to 18.12mn TL, which is composed of about 1.22% of the Bank's total asset. Due to large portion of the Bank's assets granted to the group's firm, even if these credits are assumed to have no repayment risk, it will in any case curtail the Bank's ability to expand its customer portfolio. Also, this loan portfolio composition limits the increase in the impaired loans of the Bank.

As stated in the IFRS audit report FY2010; *"The Bank is not entitled to collect deposits. Current accounts represent the current balances of loan customers. The maturity of this account is between 5 January 2011 and 25 August 2011, and interest rate range is between 3% and 7.39%."*

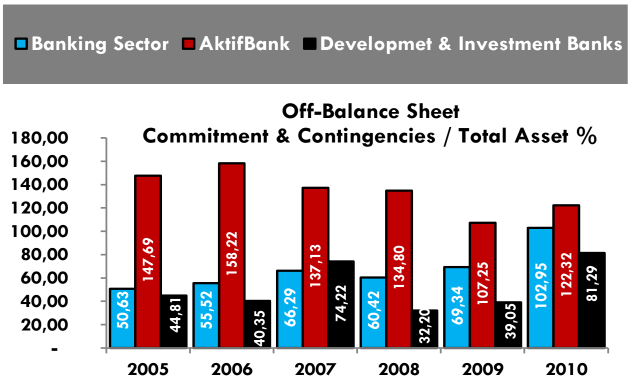
The Bank has allocated 49.15% of its total assets to the net loans and leases at the end of FY2010, which indicate an increase of 53 bps in comparison to the 48.62% at the end of the year before. The second highest portion of the assets was allocated to securities that comprised 27.42% of the total assets, an increase from the 21.75% at the end of FY2009.

The Bank's Capital Adequacy Ratio (CAR) was calculated at 12.65% at year end FY2010 (FY2009: 21.29%); 91.09% (11.52 points) have been allocated for Credit Risk.

The Bank's off-balance sheet commitments & contingencies to total equity ratio was below the entire banking sector average for the period between FY2005 and FY2009, though it exceed both Development & investment banks and banking sector as a whole averages and reached the highest level of 801.57% at the end of FY2010; this ratio for the Development & investment banking sector and the entire banking sector was 178.34% and 754.95% at the end of the same period respectively. Although the Bank seems to have taken on more risk in the field of off-balance sheet commitments & contingencies in comparison to the sector, keeping in mind that 65.10% of it is allocated to the Çalık Group companies, the risk exposure of the Bank is limited.



Aktif Bank's off-balance sheet commitments and contingencies as a proportion of total assets showed a fluctuating trend between the FY2005 and FY2010. As seen from the graph below, the ratio was at an all time high in comparison to both the banking sector and development & investment banking sector.



The Bank graded its non-cash loan portfolio with 76.08% (FY2009:82.87%) low risk cases, 23.02% (FY2009:17.13% medium risk cases and 0.5% high risk cases at the end of FY2010.

With respect to BRSA regulations, the Bank has provisioned total TL 11,672k (FY2009: TL 4,348k), an increase of 168.45% at the end of FY2010 year on year basis. TL 8,964k of the total provision figure was comprised of cash loans while the remaining TL 2,580k non-cash loans.

During the period between FY2006 and FY2010, the Bank's impaired loans as a proportion of equity exceeded that of the development & investment banks' ratio for the first time. This ratio reached 2.45% at the end of FY2010 due to the occurrence of significant growth in both loans and non-performing loans in contrast to the mild increases exhibited in the equity base. The Bank's non-performing loans increased by 215.74% at the end of FY2010 in comparison to the previous year, while cash loans of the Bank increased by 142.60% in the same period.

However, the impaired loans to gross loans ratio is maintained at a low level in comparison to the average of the investment & development banking sector. While the ratio of the Bank has fluctuated between 0.68% and 0.76% for the period FY2006 to FY2010, the same ratio of the investment & development banking sector stood at around 2%.

b) Market Risk

Market risk includes risks arising from changes in market prices, equity prices, interest rates and foreign currency exchange rates. The risks are calculated according to the 'Standard Method' on a monthly basis and included in the Capital Adequacy of the Bank. As of 31December 2010, the market risk of the Bank had a share of 6.09% (0.77 points) in the total CAR of the Bank, increased by 71pbs. The Bank has additionally developed an 'Internal Model' to support the findings from the 'Standard Method'. In this model, variance & covariance and historical simulation models are used while VAR is calculated at a 99% confidence interval. VAR values are monitored on a daily basis and reported to the Board of Directors at regular intervals. The performance of the model is measured by back-test and stress test.

In order to minimize all market risks, a Financial Emergency Procedure was prepared and approved by the Board of Directors. The Board of Directors has vested the entire authority of market risk to the Asset and Liability Committee (ALCO). ALCO is assisted by the Risk Management Department of the Bank in its day-to-day monitoring activities. The Bank does not face any commodity, stock or settlement risk at the end of the same period.

In order to manage any particular interest rate risk, pre-approved limits of re-pricing bands have been set and interest rate gaps are always monitored. The Asset and Liability Committee has also been put in place to supervise the day-to-day interest rate related activities of the Bank.

c) Liquidity Risk

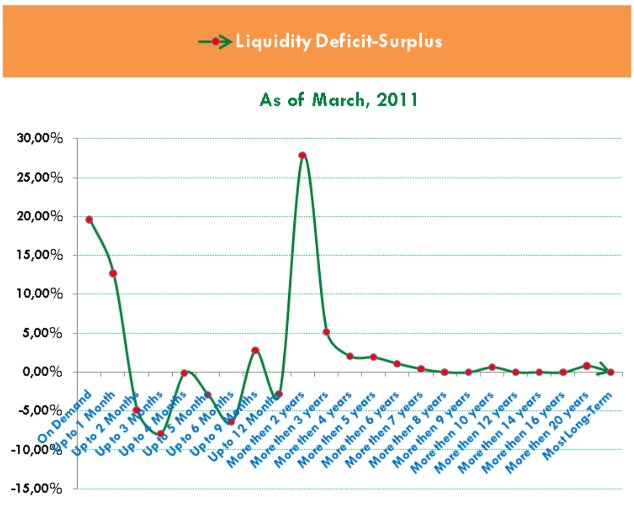
Aktif Bank manages its liquidity risk using the framework defined under the 'Communiqué on Measurement and Evaluation of Liquidity Adequacy of Banks' published on November 1, 2006 by BRSA. Funds for short-term liquidity needs are arranged through either internal sources or interbank lines, while long term liquidity needs are managed by utilizing capital market instrument and the equity and domestic market. The Bank's main liquidity needs arise in order to meet their on demand obligations; however, overall liquidity is balanced.

The table below gives a summary of the liquidity ratios of the Bank during FY2010:

	Up to 1 week maturity %		Up to 1 month maturity %	
	FC	FC+TR	FC	FC+TR
Minimum	77	125	84	111
Maximum	362	532	237	228
Average	183	230	143	155

According to the framework, banking institutions have to provide a specific liquid assets amount in an up-to 1 week period and up-to 1 month maturity period. Total foreign currency assets to total foreign currency liabilities are required to remain above 80% during all periods while Total TL and FC Assets to Total TL and FC Liabilities need to remain above 100% at all times. The Bank's FC liquidity ratio in the up-to 1 week period fell only in August 2010 under the minimum level of liquidity as set out in accordance with the regulation. Once the Bank corrected this adequacy ratio, it managed to maintain a level of liquidity far in excess of the minimum required.

For the period ending March 2011 the liquidity deficit-surplus graph is given below. The graph displays figures which are valid only for that period. As seen from the graph, the Bank had a liquidity surplus from the period of 1 day to 1 month as well as over one year, while, conversely, for the periods between one month and six months and nine months to one year there was a liquidity deficit. The Bank's Stock Liquid Assets to Total Liabilities ratio was 9.04%, a figure over the international reference values of 3%. However, the Bank's Cumulative Liquid Assets to Cumulative Liabilities ratio, which should equal or exceed 100% up to a one year period, stood at 57.10% for the periods between a two month and one year maturity.



d) Operational Risk

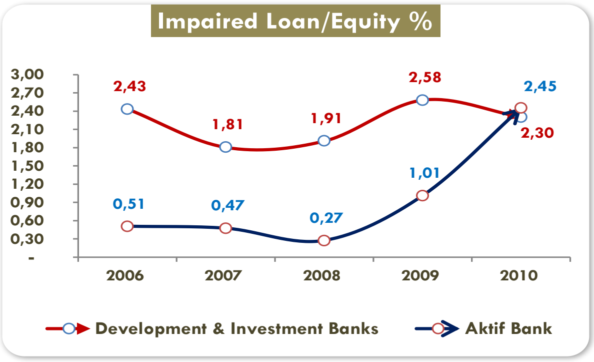
Operational risks arise mainly from human errors, embezzlement, fraud, system errors & failure and other external events. In case necessary precautions are not taken in time, these risks cause a loss and may dampen the value of the institutions brand value. For that reason the Bank seeks to minimize operational risk and its potential impact by strictly implementing human resources, network security, back up and disaster recovery policies. The Bank has additionally set-up an 'Internal Systems Group' to ensure that the activities of the Bank remain within the framework of the designated banking laws.

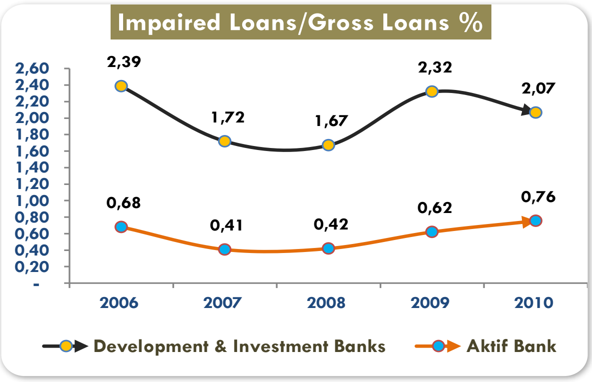
The Bank calculates the amount of capital required to cover operational risk through the 'Basic Indicator Approach' according to the 'Communiqué on Measurement and Evaluation of Capital Adequacy of Banks'. This takes into account the gross income of the Bank for the previous three years.

Operational risk had a share of 2.85% at the end of FY2010 (0.36 points) in the total CAR of the Bank, which was decreased from 4.07% in FY2009.

e) Asset Quality

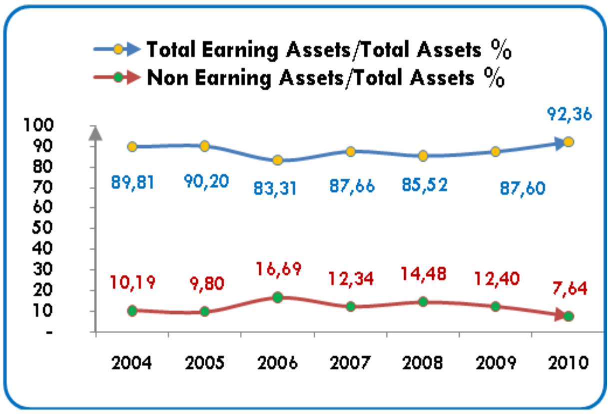
The Bank's impaired loan to equity ratio was well below the average of the investment & development banking sector in the period FY2006 to FY2009. However, during the year under review, this ratio has remarkably increased and exceeded the sector average due to the significant growth that occurred in both loans and non-performing loans while a mild increase was exhibited in the equity base. In the same period, the ratio of the entire Turkish banking sector was higher. From FY2006 to FY2010, the ratios were as follows; 14.36%, 13.64%, 16.07%, 19.69% and 14.51% respectively. On the other hand, the impaired loans to gross loans ratio was maintained at a low level in comparison to the average of the investment & development banking sector. While the ratio of the Bank fluctuated between 0.68% and 0.76% for the period FY2006 to FY2010, the same ratio of the investment & development banking sector stood at around 2%. The figures above indicate that the Bank has been able to maintain a strong asset quality and also reflects the successful risk management system of the Bank. The Bank granted a large proportion of both its cash and non-cash loans portfolio to group firms allowing for a relatively low level of non-performing loans.





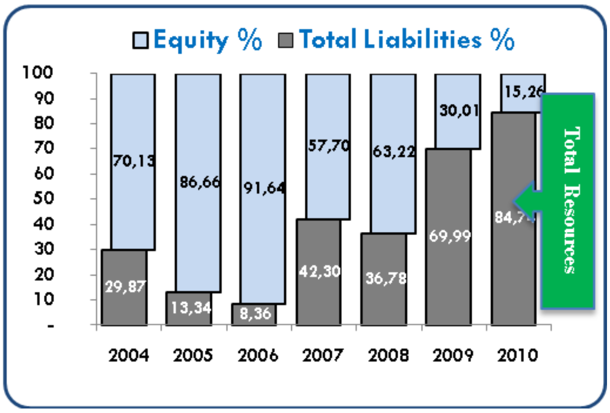
The bank impaired loans to gross loans ratio exhibited an increase in the last three year period, though the ratio was well below the sector average. The ratio stood at 0.76% at the end of FY2010, a ratio of nearly three times the development & Investment banks.

The Bank's total earning assets to total assets ratio increased to 92.36% from 87.60% year on year basis, while non-earning assets to total assets ratio decreased to 7.64% from 12.40%. Due to the increase in the share of earning assets, the profit generating capacity of the Bank is increased. In the eveny of the continuity of this positive trend, the profit generating capacity of the Bank is expected to rise in future.



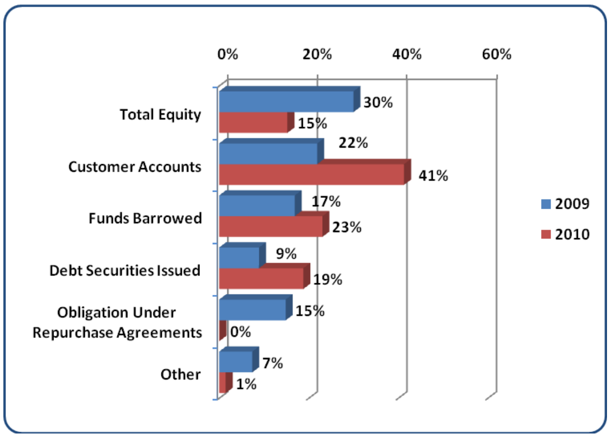
f) Funding and Adequacy of Capital

Development & investment banks total resources are composed of 47.59% equity and 52.41% of total liabilities at the end of FY2010, similar to the year before. Furthermore, 53.72% of total liabilities were supplied by banks (FY2009: 55.26%). This proportion for Aktif Bank is 15.26% and 84.74 FY2010 respectively, which indicates the bank's ease in obtaining external fund resources as well as diversifying its founding base.



The Bank is not entitled to collect customer deposits. However, as a result of its innovative solutions the Bank succeeded in diversifying its funding resources. Therefore, its funding sources are mainly composed of equity, loans from domestic & international institutions and debt securities issues (Aktif Bonds), as well as current balances of its loan customers as well as obligations under repurchase agreement. Aktif Bank issued its first bonds (Aktif Bonds) in FY2009 worth TL 51.4mn and continued during the FY2010; its total bond issue reached TL 278mn. Additionally, the Bank increased its current balances of loan customers by 383% in comparison to the FY2009, becoming the bank's main fund source.

As indicated in the graph below, current balances of loan customers comprise the largest share (41%) of the Bank's total resources, of which 91.59% are on demand. Funds borrowed from other banking organizations are the second largest source and Securities issued by the Bank the third. Although its equity was comprised of the largest share of total resources at the end of FY2009; it has fallen to the fourth rank at the end of FY2010.

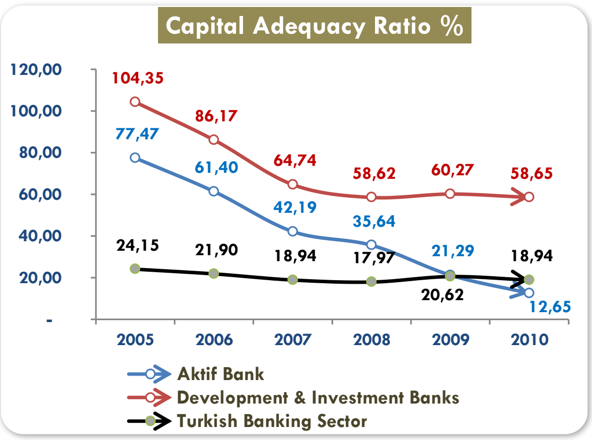


The Bank's fund sources are balanced between foreign currency and local currency. However, on the asset side the Bank deployed its assets to mainly local currency assets which comprise 71.19% of total assets while the remaining is in foreign currency. When taking into account TL based equity, it can be said that both the Bank's assets and liability side of balance sheet is more or less balanced. Overall, the Bank holds a short position against TL but this is ignorable and will not affect the bank's activities. However, the Bank hedges itself with forward exchange contracts.

The distributions of the Bank's total liabilities are as follows; 44.68% are on demand, 21.15% less than one month, 20.17% between one and three months and 14.00% are between three months and one year maturity. However, the Bank has distributed 35.60% of its loans between one year and 5 years, 8.44% between 6 months and one year, 14.90% between 3 and 6 months and 21.90% less than 3 months. Meanwhile, 16.65% of total resources are kept in cash and cash equivalents.

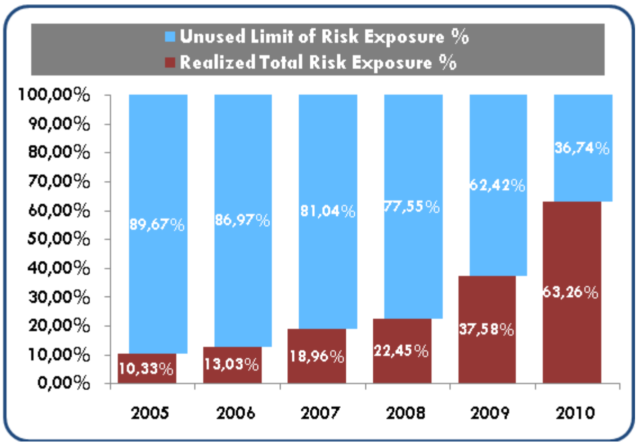
These circumstances show, that the Bank finances relatively long term loans with short term based resources, thus maturity mismatch may give rise to liquidity needs in case on demand resources are withdrawn. Nevertheless, it is believed that this situation does not pose any meaningful risk to the operations of the Bank, given its asset quality and equity base and matches its obligation via reaching external and internal fund resources.

Aktif Bank's Capital Adequacy Ratio (CAR) has shown a decreasing trend during the period FY2005-2010 and fallen under sector averages at the end of FY2010. In this period the CAR of the Bank decreased from 77.47% to 12.65%, though this figure still remains above the legal requirement under the rules set out by BRSA for the banking sector (*According to BRSA's regulation, the Capital Adequacy Ratio must remain higher than or equal to 8% at all times*). However, BRSA has set the capital adequacy ratio target at higher than or equal to 12% and if any bank's ratio falls below this it is not permitted to open new branches or expand. In this context, the Bank's capital adequacy ratio indicates that, without an injection of equity, the Bank's growth is limited.



When the CAR ratio of Aktif Bank is compared with the sectors' CAR ratios, it will be seen that the Bank's ratio is significantly below the development & investment banks' CAR ratio (FY2010:58.65%). Furthermore, the ratio of the Bank has fallen under the entire banking sector's ratio which stood at 12.65% at the end of the year FY2010. As of March 31, 2011, Aktif Bank's CAR ratio declined further to 12.54%, due to the continued growth in asset base.

As seen in the graph below, the Unused Limit of Risk Exposure ratio steadily decreased from 89.67% (FY2005) to 36.74% at the end of FY2010. These figures indicate that the Bank has room for growth. However, to maintain a similar level of CAR as of the sector as well as to obey the BRSA target CAR ratio, an equity injection will be mandatory.



g) Corporate Governance

After the restructuring process, which was initiated in the second half of FY2007, Aktif Bank exhibited a metamorphosis in all aspects of the bank, resulting in an ultimately new, dynamic bank offering innovative solutions. During this process, new management was inducted and the organizational structure was improved. The Bank redefined its vision, mission, and strategy and has adopted the same ethical rules adopted by the Turkish banking association and disclosed it in its web site. However, in social responsibility field, no social responsibility policy was decided on or disclosed to the public by the Board of Directors. In terms of transparency; the organizational structure, curriculum vitas of the BoD and top management, annual reports, audit reports, ethical principles as well as other necessary information are disclosed to the public. The Bank's Call Center offers services 24/7 days of week and responds to requests of investors, customers and stakeholders. The Bank's Board of Directors is composed of seven members, however, none of them are independent and no member represents the stakeholders in the Board. In addition, a corporate governance committee, which is not compulsory, has not yet been established. The Bank has set up a promotion Committee to promote staff and promotion related salary increases as well as to offer internship opportunities for university students.

Aktif Bank became the local and regional agent of the ITFC and ICIEC, both subsidiaries of the Islamic Development Bank (IDB) in FY2009 and is also a member of the Interbank Card Center (BKM), International Chamber of Commerce (ICC), Credit Bureau of Turkey, Foreign Economic Relations Board (DEİK), Institute of International Finance (IIF), and Banking

Association for Central and Eastern Europe (BACEE), and International Association for Public Transport (UITP).

7. Ability to Generate Income and Level and Stability of Profitability

Aktif Bank has achieved a growth in its total income of nearly 13-fold on a year-on-year basis as a result of restructuring and strong growth efforts, as well as the new financial services (retail loans, money transfers through PTT branches, innovative cash management system and some other services) which they began to offer to the Bank's clientele. As it was stated before, they have distributed in very positive manner to the net profit and profitability of the Bank.

The Bank's net fees and commissions income has increased by 442.07% during FY2010, primarily coming from remittance fee (TL15, 738k), which comprised of 51.63% of total fee and commission income (TL 30,485k). Remittance fee is a result of the Bank's innovative products i.e. Universal Money Transfers (UPT), which was launched in FY2010 in cooperation with PTT.

Aktif Bank recorded a net profit of TL 28.8mn for the three month period ended March 31, 2011, which indicates an increase by 1,459.41% in comparison the same period in FY2010. Furthermore the Bank attained 82.18% of its last year net profit. This net profit figure is impressive and reflects the capability of generating internal funds of the Bank.

The Bank funded its growth with mainly cost bearing resources, which increased by 241.19% year –on year at the end of FY2010. In the same period, interest expense increased by 305.38% which was unfortunately more than the increase in the cost bearing resources. Meanwhile, the earning assets increased by 170.30% in FY2010 in comparison to the previous year. As result of these developments the Bank's net interest income rose only by 16.47% in FY2010. Thus the net interest margin of the Bank has remarkable decreased to 4.05% from 9.10% FY2009.

On the other hand, as of 31 March 2011, the net fee and commission income of the Bank increased by 1,112.83% in comparison to the same period of the previous year and increased by 42.50% according to the figure at the end of FY2010.From this point, fee and commission income will be a major and crucial profit item for the Bank in the future.

8. Information Technology

Aktif Bank has developed its own core banking system to establish a strong information technology infrastructure; in this context the Bank's Information Technology Group is set up to develop the Bank's technological infrastructure and to offer an effective and high standard of services to customers. The Group aims to meet all the needs of Bank domestically as well as to develop new strategies in line with the Bank's vision and business plan. During the FY2010 some of the Group's implementation are as follows;

- Development of a system to enable receipt of credit application and offer instant loans at PTT offices,
- The establishment of the Border Gateway Protocol to ensure uninterrupted internet connection,
- The completion of Data entry and Electronic data archive services through the Document Management System,
- The expansion of a storage unit capacity and server site

Furthermore, the Bank gives vital importance to research & development activities in line with its strategy of "bringing innovation to the sector". In this scope some of the applications are listed; "UPT" (Universal Payment Transfer) which allows nationwide money transfer to nearly all areas of Turkey through 4,000 online PTT branches, "Parantez Credit", which allows credit application in any PTT office and finalizes the loan process before leaving the office, "Tourist Card", "Chip Application" for card payment system as well as an Integrated Receivables Management system called B.A.Y. which was completed and put into service.

The Bank, which has brought internet banking, mobile banking and call centers into services during the year 2009, has expanded service ranges and improved services quality both for retail and corporate customers.

Aktif Bank's hot site center is located in the Balmumcu region of İstanbul. In the event of any local disaster (such as hardware malfunctioning, fire, prolonged power failure, terrorist attacks, and/or communication failure), this site will enable top management and senior staff to continue their work without any disturbance.

The off-site disaster recovery center is located in Ankara. This site has been set-up in case of any major natural disaster taking place in Istanbul; data is also copied on real time basis at this site.

The Bank has outsourced the following services; Cash Transportation Services, Archiving Services, Document Collection and Document Delivery Services, Call Center Software Development and System Maintenance Services, Factoring and Receivables Management System Services, Management of Securities System Services, Invoice Collection Services and its care system within the provisions of BRSA "*Regulation of regarding the support services received by Banks and the authorization of support service organizations*" .

AKTİF BANK BALANCE SHEET	(Year and) 2010 USD (Converted)	(Year and) 2010 TRY (Original)	(Year and) 2010 TRY (Average)	(Year and) 2009 TRY (Original)	(Year and) 2009 TRY (Average)	(Year and) 2008 TRY (Original)	(Year and) 2008 TRY (Average)	(Year and) 2007 TRY (Original)	As % of 2010 Assets (Original)	As % of 2009 Assets (Original)	As % of 2008 Assets (Original)	2010 Growth Rate	2009 Growth Rate	2008 Growth Rate
A-TOTAL EARNİNG ASSETS (I+II+III)	**883,772.96**	**1,366,313.00**	**935,899.50**	**505,486.00**	**357,972.00**	**210,458.00**	**154,862.00**	**99,266.00**	**92.36**	**87.60**	**80.92**	**170.30**	**140.18**	**112.01**
I- LOANS AND LEASING RECEIVABLES (NET)	**470,318.24**	**727,112.00**	**503,829.00**	**280,546.00**	**193,534.50**	**106,523.00**	**91,159.50**	**75,796.00**	**49.15**	**48.62**	**40.96**	**159.18**	**163.37**	**40.54**
a) Short Term Loans	467,855.76	723,305.00	497,605.50	271,906.00	188,540.00	105,174.00	90,181.00	75,188.00	48.89	47.12	40.44	166.01	158.53	39.88
b) Lease Assets	2,462.48	3,807.00	5,540.50	7,274.00	3.811,50	349.00	478.50	608.00	0.26	1.26	0.13	-47.66	1.984,24	-42.60
c) Medium & Long Term Loans	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
d) Over Due Loan	3,582.15	5,538.00	3,646.00	1,754.00	1,102.00	450.00	380.00	310.00	0.37	0.30	0.17	215.74	289,78	45.16
e) Others	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
f) Receivable from customer due to brokerage activities	0.00		683.00	1,366.00	1,214.00	1,062.00	531.00		n.a	0.24	0.41	-100.00	28.63	n.a
d) Allowance for Loan Losses (-)	-3,582.15	-5,538.00	-3,646.00	-1,754.00	-1,133.00	-512.00	-411.00	-310.00	-0.37	-0.30	-0.20	215.74	242.58	65.16
II-OTHER EARNİNG ASSESTS	**151,103.49**	**233,606.00**	**166,524.00**	**99,442.00**	**76,163.00**	**52,884.00**	**37,924.50**	**22,965.00**	**15.79**	**17.23**	**20.33**	**134.92**	**88.04**	**130.28**
a) Balance With Banks-Time Deposits	118,285.90	182,870.00	123,706.00	64,542.00	56,264.50	47,987.00	34,516.50	21,046.00	12.36	11.18	18.45	183.33	34.50	128.01
b) Money Market Placements	0.00		13,252.50	26,505.00	13,252.50		650.00	1,300.00	n.a	4.59	n.a	-100.00	n.a	-100.00
c) Reserve Deposits at CB	32,817.59	50,736.00	29,565.50	8,395.00	6,646.00	4,897.00	2,758.00	619.00	3.43	1.45	1.88	504.36	71.43	691.11
d) Balance With CB- Demand Deposits	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
III-SECURITIES AT FAIR VALUE THROUGH P/L	**262,351.23**	**405,595.00**	**265,546.50**	**125,498.00**	**88,274.50**	**51,051.00**	**25,778.00**	**505.00**	27.42	21.75	19.63	223.19	145.83	10,009.11
a) Treasury bills and government bonds	243,710.22	376,776.00	241,918.50	107,061.00	71,466.00	35,871.00	18,169.00	467.00	25.47	18.55	13.79	251.93	198.46	7,581.16
b) Other Investment	18,641.01	28,819.00	23,628.00	18,437.00	16,808.50	15,180.00	7,609.00	38.00	1.95	3.20	5.84	56.31	21.46	39,847.37
c) Repurchase agreement	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
B- INVESTMENTS IN ASSOCIATES (NET)+EQUITY SHARE	**0.00**	**0.00**	**9,979.00**	**19,958.00**	**18,750.00**	**17,542.00**	**13,785.00**	**10,028.00**	**n.a**	**3.46**	**6.74**	**-100.00**	**13.77**	**74.93**
a) Investments in associates (Net)	0.00		9,979.00	19,958.00	18,750.00	17,542.00	13,785.00	10,028.00	n.a	3.46	6.74	-100.00	13.77	74.93
b) Equity Share	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
C-NON-EARNİNG ASSETS	**73,142.95**	**113,079.00**	**82,346.00**	**51,613.00**	**41,851.50**	**32,090.00**	**18,019.00**	**3,948.00**	**7.64**	**8.94**	**12.34**	**119.09**	**60.84**	**712.82**
a) Cash and Cash Equivalents	19,832.47	30,661.00	16,103.00	1,545.00	1,171.00	797.00	505.50	214.00	2.07	0.27	0.31	1,884.53	93.85	272.43
b) Balance With Banks-Current Accounts	39,824.06	61,568.00	34,942.50	8,317.00	6,980.00	5,643.00	3,039.50	436.00	4.16	1.44	2.17	640.27	47.39	1,194.27
c) Financial Assets at fair value through P/L	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
d) Interest Accruals from Loans and Lease	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
e) Other	13,486.42	20,850.00	31,300.50	41,751.00	33,700.50	25,650.00	14,474.00	3,298.00	1.41	7.24	9.86	-50.06	62.77	677.74
ea- Intangible assets	8,300.13	12,832.00	17,341.00	21,850.00	19,826.50	17,803.00	9,087.00	371.00	0.87	3.79	6.84	-41.27	22.73	4,698.65
eb- Property and equipment	3,005.82	4,647.00	9,347.00	14,047.00	8,309.50	2,572.00	1,582.50	593.00	0.31	2.43	0.99	-66.92	446.15	333.73
ec- Deferd tax	90.56	140.00	70.00		115.00	230.00	115.00	0.00	0.01	n.a	0.09	n.a	-100.00	n.a
ed- Other	2,089.91	3,231.00	4,542.50	5,854.00	5,449.50	5,045.00	3,689.50	2,334.00	0.22	1.01	1.94	-44.81	16.04	116.15
TOTAL ASSETS	**956,915.91**	**1,479,392.00**	**1,028,224.50**	**577,057.00**	**418,573.50**	**260,090.00**	**186,666.00**	**113,242.00**	**100.00**	**100.00**	**100.00**	**156.37**	**121.87**	**129.68**

AKTİF BANK BALANCE SHEET	(Year and) 2010 USD (Converted)	(Year and) 2010 TRY (Original)	(Year and) 2010 TRY (Average)	(Year and) 2009 TRY (Original)	(Year and) 2009 TRY (Average)	(Year and) 2008 TRY (Original)	(Year and) 2008 TRY (Average)	(Year and) 2007 TRY (Original)	As % of 2010 Assets (Original)	As % of 2009 Assets (Original)	As % of 2008 Assets (Original)	2010 Growth Rate	2009 Growth Rate	2008 Growth Rate
D- COST BEARING RESOURCES (I+II)	**796,832.47**	**1,231,903.00**	**796,481.50**	**361,060.00**	**224,437.50**	**87,815.00**	**66,130.00**	**44,445.00**	**83.27**	**62.57**	**33.76**	**241.19**	**311.16**	**97.58**
I-FUND COLLECTED	**179,989.00**	**278,263.00**	**228,030.00**	**177,797.00**	**94,193.00**	**10,589.00**	**10,019.00**	**9,449.00**	**18.81**	**30.81**	**4.07**	**56.51**	**1,579.07**	**12.06**
a)YTL Deposit & Fund & Debt securities issued	17,989.00	278,263.00	228,030.00	177,797.00	94,193.00	10,589.00	10,019.00	9,449.00	18.81	30.81	4.07	56.51	1,579.07	12.06
b) FC Deposit	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
c) FC & LC Banks Deposits	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
II-BORROWING FUNDING LOANS & OTHER	**616.843,47**	**953,640.00**	**568,451.50**	**183,263.00**	**130,244.50**	**77,226.00**	**56,111.00**	**34,996.00**	**64.46**	**31.76**	**29.69**	**420.37**	**137.31**	**120.67**
a) Borrowing from domestic market	559,608.67	865,155.00	450,492.50	35,830.00	31,959.50	28,089.00	23,112.50	18,136.00	58.48	6.21	10.80	2,314.61	27.56	54.88
b) Borrowing from overseas markets	56,302.07	87,043.00	74,342.00	61,641.00	54,625.00	47,609.00	32,217.00	16,825.00	5,88	10,68	18,30	41.21	29.47	182.97
c) Borrowing from Interbank	0.00		0,00		0,00		0,00		n.a	n.a	n.a	n.a	n.a	n.a
d) Securities Sold Under Repurchase Agreements	932.73	1,442.00	43,617.00	85,792.00	43,660.00	1,528.00	781.50	35.00	0.10	14.87	0.59	-98.32	5,514..66	4,265.71
e) Subordinated Loan & other	0.00		0,00		0,00		0,00		n.a	n.a	n.a	n.a	n.a	n.a
E- NON COST BEARING RESOURCES	**14,060.16**	**21,737.00**	**32,270.50**	**42,804.00**	**25,319.00**	**7,834.00**	**5,642.50**	**3,451.00**	**1.47**	**7.42**	**3.01**	**-49,22**	**446,39**	**127,01**
a) Provisions	2,294.31	3.547,00	2,130.00	713.00	723.00	733.00	407.50	82.00	0.24	0.12	0.28	397.48	-2.73	793.90
b) Current &Deferred tax liabilities	0.00		970.00	1,940.00	2,282.00	2,624.00	1,331.00	38.00	n.a	0.34	1.01	-100.00	-26.07	6,805.26
c) Trading Liabilities (Derivatives)	137.13	212,00	132.00	52.00	27.50	3.00	1.50		0.01	0.01	0.00	307.69	1,633.33	n.a
d) Other Liabilities	11,628.72	17.978,00	29,038.50	40,099.00	22,286.50	4,474.00	3,902.50	3,331.00	1.22	6.95	1.72	-55.17	796.27	34.31
F- TOTAL LIABLITIES	**810,892.63**	**1.253.640,00**	**828,752.00**	**403,864.00**	**249,756.50**	**95,649.00**	**71,772.50**	**47,896.00**	**84.74**	**69.99**	**36.78**	**210.41**	**322.24**	**99.70**
G- EQUITY	**146,023.29**	**225.752,00**	**199,472.50**	**173,193.00**	**168,817.00**	**164,441.00**	**114,893.50**	**65,346.00**	**15.26**	**30.01**	**63.22**	**30.35**	**5.32**	**151.65**
a) Prior year's equity	112,026.52	173.193,00	168,817.00	164,441.00	114,893.50	65,346.00	63,290.00	61,234.00	11.71	28.50	25.12	5.32	151.65	6.72
b) Equity (Added from internal & external recourses at this year)	5,849.94	9.044,00	7,320.50	5,597.00	49,869.50	94,142.00	47,071.50	1.00	0.61	0.97	36.20	61.59	-94.05	9,414,100
h) Profit & Loss	28,146.83	43.515,00	23,335.00	3,155.00	4,054.00	4,953.00	4,532.00	4,111.00	2.94	0.55	1.90	1,279.24	-36.30	20.48
TOTAL LIABILITY + EQUITY	**956,915.91**	**1,479,392.00**	**1,028,224.50**	**577,057.00**	**418,573.50**	**260,090.00**	**186,666.00**	**113,242.00**	**100.00**	**100.00**	**100.00**	**156.37**	**121.87**	**129.68**
	USD 1 = TRY	1.546		**USD 1 = TRY**	1.5057	**USD 1 = TRY**	1.518							

AKTİF BANK INCOME STATEMENT	2010	2009	2008
Net Profit Share income	**37,940**	**32,574**	**13,411**
Interest Income	70,050	40,495	16,757
Interest Expense	32,110	7,921	3,346
Net fee and commission income	**28,334**	**5,227**	**2,820**
Fee and commission income	30,485	5,718	3,000
Fee and commission expense	2,151	491	180
Total operating income	**37,207**	**7,736**	**13,453**
Net trading income (+/-)	6,861	5,320	1,659
Foreign exchange gain(loss), net (+/-)			
Gains from investment securities, net			
Other operating income	30,346	2,416	11,794
Taxes other than on income			
Dividend			
PROVİSİONS	**6,416**	**1,000**	**-**
Provision for impairment of loan and trade receivables			
Other Provision	6,416	1,000	
Total operating expense	**48,378**	**31,355**	**25,061**
Salaries and employee benefits	26,876	18,689	16,323
Depreciation and amortization	2,339	1,224	2,588
Other expenses	19,163	11,442	6,150
Profit from operating activities before income tax	**48,687**	**13,182**	**4,623**
Income tax – current	3,808	2,403	- 330
Income tax – deferred	1,364	7,624	
Net profit for the period	**43,515**	**3,155**	**4,953**
Total Income	**103,481**	**45,537**	**29,684**
Total Expense	**48,378**	**31,355**	**25,061**
Provision	**6,416**	**1,000**	**-**
Pre-tax Profit	**48,687**	**13,182**	**4,623**

AKTİF BANK FINANCIAL RATIOS	2010	2009	2008
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pre-tax Profit/Total Assets (av.)	4.74	3.15	2.48
2. ROE- Pre-tax Profit/Equity (av.)	24.41	7.81	4.02
3. Total Income/Equity (av.)	51.88	26.97	25.84
4. Total income /Total Assets (av.)	10.06	10.88	15.90
5. Provision/Total Income	6.20	2.20	0.00
6. (Total Expense/Total Liabilities (av.) %)	4.71	7.49	13.43
7.Net Profit for the period/ Total Asset (av) %	4.23	0.75	2.65
8.Total Income/ Total Expense %	213.90	145.23	118.45
9.(Non Costly Liabilities+ Equity- Non Earning Assets)/Assets	9.09	28.49	53.90
10.(Non Costly Liabilities- Non Earning Assets)/Assets	-6.17	-1.53	-9.33
11.Total operating expense/Total Income	46.75	68.86	84.43
12. Interest Margin	4.05	9.10	8.66
13. Operating ROAA = Operating Net income/Asset (avr.)	7.86	5.04	4.27
14. Operating ROAE = Operating Net income/Equity Capital (avr.)	40.51	12.50	6.94
15. Interest Coverage (EBIT/Interest Expense)	251.63	266.42	238.16
16. Net Profit Margine	42.05	6.93	16.69
17. Gross Profit Margine	47.05	28.95	15.57
II. CAPITAL ADEQUACY (year end)			
1. Equity generation/prior year's equity	5.22	3.40	144.07
2. Internal equity generation/prior year's equity	25.13	1.92	7.58
3. Equity/Total Assets %	15.26	30.01	63.22
4. Core Capital//Total Assets %	13.27	27.30	60.95
5. Supplementary Capital/Total Assets %	0.89	0.98	0.69
6. Tier 3/Total Assets %	0.00	0.00	0.00
7. Capital/Total Assets %	14.16	28.27	61.64
8. Own Fund/Total Assets %	14.16	25.50	56.13
9. Standard Capital Adequacy Ratio	12.65	21.29	35.64
10. Surplus Own Fund %	36.74	62.42	77.55
11. Free Equity/Total Assets %	14.08	20.33	48.65
III. LIQUIDITY (year end)			
1. LMS-Liquidity management success % (On demand)	89.28	97.74	98.55
2. LMS-Liquidity management success % (Up to 1 month)	97.59	87.85	84.99
3. LMS- Liquidity management success % (1to 3 months)	98.36	95.23	93.24
4. Liquidity management success % (3to 6 months)	99.95	97.35	97.28
5. Liquidity management success % (6 to 12 months)	99.99	97.36	90.18
6. Liquidity management success % (over 1 year & Unallocated)	88.47	75.53	72.58
IV. ASSET QUALITY			
1. Loan Loss Provisions/Total Loans %	0.76	0.62	0.48
2. Total Provisions/Profit before Provision and Tax %	11.64	7.05	0.00
3. Impaired Loans/Gross Loans %	0.76	0.62	0.,42
4. Impaired Loans net/equity %	2.45	1.01	0.27
5. Loan Loss Reserves/Impaired Loans	100.00	100.00	113.78
V. OTHER			
1.Asset/ (Total Guarantees and Commitments +Asset)	47.05	48.92	42.59
2.Equity/(Total Guarantees and Commitments +Equity)	11.94	22.32	31.93
3.Own Fund/(Total Guarantees and Commitments +Own fund)	11.17	19.63	29.40
4.Total Foreign Currencies Position/Asset	0.11	0.44	0.25
5.Total Foreign Currencies Position/Equity	0.70	1.48	0.40
6.Total Foreign Currencies Position/Own Equity	0.76	1.74	0.45
7.Market Share	0.15	0.07	0.04
8.Growht Rate	156.37	121.87	129.68