


outstanding

rational

pioneering

entrepreneurial

aktif bank

ANNUAL REPORT **2009**

reliable

PRESENTATION

MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

FINANCIAL INFORMATION AND RISK MANAGEMENT

INDEPENDENT AUDITORS' REPORT, FINANCIAL HIGHLIGHTS AND FOOTNOTES

Aktif Bank's...

Vision

"Local, Global"

Our vision is to become a leading financial services group not only in Turkey but also in the region. Our products and services, management structure and work flow are all based around this global vision and our organizational structure embraces opportunities and risks in a range of geographical locations.

Mission

Our mission is to become a pioneering, smart and outstanding service organization, which is a sought-after partner in the environment in which we operate.

Values

- We are a dynamic bank committed to growth and we are sensitive to our environment and the community.
- We respect banking principles and all national and international rules and regulations.
- Our priority is to develop and strengthen our relationships with our customers by focusing on customer satisfaction.
- We are dependable, fair and honest in our work.
- We are benefit- and result-oriented, not cost-oriented.
- We offer innovative solutions with high added value.
- We believe in goodwill and open communication.
- We attach importance to maintaining and spreading a positive attitude.
- We encourage teamwork and participation.
- Our target is that our flexible and entrepreneurial structuring stands as a role model on national and international platforms


31 December 2009 Thursday
Economy | 12
WE ACHIEVED
122% GROWT
IN 2009.

quality growth

What lies behind our rapid and quality growth is our strength, consistency and robust financial management. As we earn investor confidence with our financial performance, we aim at long - term growth and success.

Rational growth adds value.

About Aktif Bank

aIMING FOR GROWTH IN THE REGION.

ONE OF AKTİF BANK'S FUNDAMENTAL STRATEGIES IS TO ACQUIRE NEW SUBSIDIARIES IN NEIGHBORING COUNTRIES.

In accordance with Çalık Group's goal of employing its wide and deeply rooted commercial and industrial experience in the field of banking, the finance business line assumed the status as one of the Group's strategic sectors.

In line with this strategy, the Bank was established under the Çalıkbank name in 1999 and went on to demonstrate a strong and robust performance until 2007. Çalıkbank underwent a sweeping restructuring process, completely reshuffling its senior management and vision in the second half of 2007, and changed its name to Aktif Bank in 2008. Aktif Bank moved with its growing workforce of experienced banking staff to its new head office building in Zincirlikuyu, in August 2008.

Aktif Bank maintains its operations within the vision defined as "Local, Global" with a three pillar strategy settled on three concepts: direct banking, city banking and regional banking.

Awareness of gradual loss of significance of physical banking channels in the coming years both in Turkey and in the world was the primary reason why Aktif Bank turned to the Direct Banking strategy.

Aktif Bank has adopted alternative delivery channels (internet, call center, mobile channels) and physical channels (PTT-General Directorate of Turkish Post and retailers with dealer networks) as its core delivery channels. It is envisaged that this model, in addition to bank branches with traditional delivery channels, will offer an effective and flexible structure which places customer requirements at its heart, on the basis of the principle of "a presence at the point of transaction".

Under the Direct Banking strategy, products and customers are brought together at the point of sale without bearing the high costs of a branch network. In parallel with this strategy, Aktif Bank has also concentrated on payment and cash management systems.

Aktif Bank's City Banking strategy is primarily based on the process of urbanization and the rising urban population, the increasing financial needs in daily life and the development of urban economies with dynamics completely independent of national economies. In line with this strategy, Electronic Fare Collection Systems (EFCS) were chosen as the target segment; subsequently, in 2008, Aktif Bank acquired E-Kent A.Ş., a company with the longest field operation experience in this sector, in Turkey. E-Kent is one of the leading firms in its sector, offering city technologies and counseling services in addition to the field installation, operation and technical support for smart contactless transportation cards and magnetic tickets used in city transportation.

The extensive know-how of the Turkish banking sector, as well as Turkey's developing economic ties and business volumes with targeted markets were the primary factors behind Aktif Bank's Regional Banking strategy. The strategy is based on offering of financial services to Turkey's neighboring regions through new licenses, subsidiaries or partnerships.


NİLAY
KİBAROĞULLARI
SENIOR VICE PRESIDENT OF
RETAIL CREDITS DEPARTMENT
MURAT BARLAS
VICE PRESIDENT OF THE
RISK MANAGEMENT
DEPARTMENT
TARIK ONAT
SENIOR VICE PRESIDENT OF CARD
AND MERCHANT MARKETING
DEPARTMENT

GROWING WITH ITS SUBSIDIARIES, AKTİF BANK

DESIGNS ITS SYSTEMS SO THEY MAY BE ADJUSTED TO FIT THE CONDITIONS AND REGULATIONS OF OTHER COUNTRIES, THROUGH ITS PRESENT AND FUTURE SUBSIDIARIES.

In line with its strategy of being a regional financial powerhouse, the Bank expands its strength with its subsidiary in Albania, Banka Kombetare Tregtare (BKT), by including Kosovo in its operations.

Aktif Bank is actively involved in the countries it operates in with all elements of traditional branch banking and alternative delivery channels, and performs its operations with a comprehensive product set.

Aktif Bank employs its own banking system, which was completed in 2008, boasting up-to-date, reliable, low energy consumption, environmentally friendly, rapid, flexible and secure technology, sound hardware and network infrastructure, with systems which support mobile applications.

Aktif Bank has achieved exponential growth across the board since its restructuring in 2007, with the value of its assets increasing 9 times in a very short space of time, and its branch network expanding from 2 in 2008 to 5 in 2009 with new branches opened in Bursa, Kayseri and Gaziantep in the first half of the year. The Bank also plans to open new branches in Sakarya, Düzce and Kütahya in 2010, serving solely in the fields of corporate and SME (Small and Medium Size Enterprise) banking.

Rated as one of the highly investible banks by the Japanese Credit Rating Agency, JCR-ER, in 2009, the Bank's A-(Trk) credit rating was confirmed, while its long-term outlook was raised from stable to positive. At the end of 2009, Aktif Bank's total assets reached US$ 383.2 million, with total loan volume of US$ 185 million and shareholders equity of US$ 115 million.

Having issued the first bank bond with the "commercial paper" feature in Turkey in 2009, Aktif Bank has demonstrated an exceptional success by issuing one third of the total fixed-income securities registered with the Capital Markets Board in 2009.

GROWTH IN THE REGION: "REGIONAL BANKING"

One of Aktif Bank's fundamental strategies is to acquire new subsidiaries in neighboring regions. Its subsidiary in Albania, BKT, was deemed worthy of the Bank of the Year Award among medium sized banks in Southeastern Europe by Finance Central Europe in 2008.

Aktif Bank aims to be an innovative, reliable and profitable bank satisfying its customer mass spread to the base through its wide branch network, modern delivery channels, technologically effective banking products and customer-oriented policies in the Balkans, particularly in Albania and Kosovo.

In this context, the Bank began to offer its customers modern banking products and services in regions it operates and brought a plethora of new products to the Albanian market, particularly in the field of private banking. Aktif Bank's placement policy in this region was not merely limited to the Albanian market, and the Bank set out placement policies aimed at raising the risk-reward balance of its liquidity to an optimal level.

Aktif Bank designs all systems, developed in parallel with its strategy of growing with its subsidiaries, by taking into account its current or future subsidiaries in a manner that they can be easily adopted according to parameters such as being multi-lingual and multi-currency, and adjusted to different countries and regulations.

Aktif Bank has taken firm steps towards acquiring new subsidiaries in Turkey's neighboring region, where the Bank is in a position to bring added value to the banking sector. The Bank will maintain its efforts to enter two more countries in 2010.

POSITIONING ALTERNATIVE DELIVERY CHANNELS AS CORE CHANNELS: THE FIRST BANK IN TURKEY TO APPLY THE "DIRECT BANKING" METHOD

People today work at a faster pace and visit bank branches less frequently, while developments in communications and technology have taken banking transactions from branches to locations such as the home, offices, dealers and sales points. These transactions can thus be performed through various instruments such as the telephone and the internet. In anticipation of this trend, Aktif Bank set up the "Direct Banking" method, where it positions its products and services at the place of shopping, based on the principle of 'being present at the location of the customer' through processes that do not force customers to go to bank branches. Positioning its products and services at the point of transaction, the Bank established the "Direct Banking" model which protects the Bank from the costs which would be incurred from a wide branch network and which would thus gradually become less beneficial, while sharing the resulting cost advantages with its customers and business partners. With its experienced and renowned staff, who had implemented the pieces of this model in their previous institutions, Aktif Bank demonstrates its expertise in establishing the first "Direct Bank" of Turkey.

A FIRST IN TURKEY: CITY BANKING

In parallel with its mission of being an outstanding service organization, Aktif Bank attaches tremendous importance to innovation and making a difference. In this context, the Bank bases the second pillar of its strategies on the offering of rapidly growing new economic dynamics and cash flows in cities through field operations, customized products and services under banking guarantee within the framework of rapid urbanization.

Within this scope, the Bank offers services included in the city banking service range such as collection of invoices, ticket office operations and project finance of city infrastructure investments.

Through the "City Banking", driven by the approach of ensuring that those working with the Bank are satisfied, Aktif Bank aims not merely to add value to the national economy through banking services in cities where it has branches, but also to raise the quality of the daily life of city people.

Hot on the heels of the new branches opened in Kayseri, Bursa and Gaziantep in 2009, Aktif Bank also plans to play an expanding role in city life. The Bank plans to add new branches in Sakarya, Düzce and Kütahya in 2010, by providing transportation, mass transportation and fare collection services in collaboration with E-Kent, a subsidiary of the Bank which is an indispensable element of city life. E-Kent included Kayseri and Gaziantep transportation enterprises in 2008 and Kütahya, Sakarya and Düzce transportation enterprises in 2009 in its range of services, which it has already been conducting for many years in Bursa and Tokat.

THE MOST EFFECTIVE BANK IN THE HIGHLY FOCUSED FIELDS OF CORPORATE BANKING

Although Aktif Bank is focused on synergy-rich fields such as city banking and retail banking, it has expanded significantly in various business lines such as corporate banking, project finance and boutique investment banking.

The Bank, now with new branches recently opened in Kayseri, Bursa and Gaziantep, covers all commercial needs in these cities through its specially-positioned products and services within the scope of "City Banking".

Through its corporate banking operations, robust and flexible operational background and permanently expanding international trade network, Aktif Bank has come a long way towards being the trading partner of its corporate banking customers, which will share all their business with the Bank.

In parallel with this objective, the Bank became the Local and the Regional Agent of the ITFC and ICIEC, both subsidiaries of the Islamic Development Bank, in 2009 and played an active role in complying with the Bank's Regional Banking strategy in the corporate banking field.

Financial Indicators

	2009 (Thousand TRY)	2008 (Thousand TRY)	Change Ratios
BALANCES WITH BANKS & INTERBANK MONEY MARKET PLACEMENTS	91,065	48,059	89.49%
TRADING SECURITIES (NET)	874	854	2.34%
INVESTMENT SECURITIES (NET)	124,624	50,197	148.27%
LOANS & FACTORING RECEIVABLES (NET)	271,906	105,174	158.53%
FINANCE LEASE RECEIVABLES (NET)	7,274	349	1,984.24%
SHAREHOLDERS' EQUITY	172,494	164,707	4.73%
TOTAL ASSETS	577,057	260,090	121.87%
GUARANTEES AND WARRANTIES	493,904	350,604	40.87%
NET INTEREST INCOME	28,749	13,411	114.37%
NET FEE AND COMMISSION INCOME	5,227	2,820	85.35%
OPERATING PROFIT	1,986	-3,930	-150.53%
PROFIT BEFORE TAXES	4,402	4,623	-4.78%
PROVISION FOR TAXES ON INCOME	-1,247	330	-477.88%
NET PROFIT OF THE PERIOD	**3,155**	**4,953**	**-36.30%**

PERFORMANCE RATIOS	2009	2008
CAPITAL ADEQUACY (Based on BRSA standards)	21.29%	35.64%
AVERAGE RETURN ON EQUITY	1.87%	3.83%
AVERAGE RETURN ON ASSETS (PROFIT BEFORE TAX BASIS)	1.05%	2.18%
AVERAGE RETURN ON ASSETS (NET PROFIT BASIS)	0.75%	2.34%
NET FEE AND COMMISSION INCOME / OPERATING COSTS	11.73%	11.25%
FIXED ASSETS (NET) / AVERAGE EQUITY	33.13%	43.93%
NON-PERFORMING LOANS / TOTAL LOANS	0.63%	0.39%
INTEREST INCOMES / INTEREST EXPENDITURES	442.86%	500.81%
YIELDING ASSETS / TOTAL ASSETS	**90.74%**	**87.38%**

Credit Ratings Given By Rating Agencies

JCR - EURASIA RATING

JCR Eurasia Rating reaffirmed Aktif Bank's Long-Term National Credit Rating as "A-(Trk)" and revised its outlook from stable to positive.

Long - Term International Foreign Currency Rating	**BB -** / (Stable outlook)
Long - Term International Local Currency Rating	**BB -** / (Stable outlook)
Long - Term National Rating	**A - (Trk)** / (Stable outlook)
Short - Term International Foreign Currency Rating	**B** / (Stable outlook)
Short - Term International Local Currency Rating	**B** / (Stable outlook)
Short - Term National Rating	**A - 1 (Trk)** / (Stable outlook)
Sponsor Support Rating	**2**
Stand - Alone Rating	**B**

Capital and Shareholding Structure

The Bank's main shareholders and capital structure as of December 31, 2009 are shown in the following table:

Shareholders	Total Value of Shares (Thousand TRY)	Share (%)	Paid Shares (Thousand TRY)	Unpaid Shares (Thousand TRY)
Çalık Holding A.Ş.	152,728	98.51	152,728	-
GAP Güneydoğu Tekstil San. ve Tic. A.Ş.	1,224	0.78	1,224	-
Ahmet Çalık	544	0.35	544	-
Başak Enerji Elektrik Üretim San. ve Tic. A.Ş.	272	0.18	272	-
Irmak Enerji Elektrik Üretim Madencilik San. ve Tic. A.Ş.	272	0.18	272	-
Total Paid-in Capital	**155,040**	**100.00**	**155,040**	**-**
Restatement Effect	5,448		5,448	
Total Share Capital	**160,488**		**160,488**	

There has been no change in the shareholding structure of the Bank within the fiscal period.

Following the capital increase on July 2, 2009, Aktif Bank's paid-in capital was raised from TRY 114,000 to TRY 155,040 and the Bank's shareholder's structure was amended accordingly. Of the TRY 41,040 increase, TRY 19,215 was covered from paid-in capital inflation adjustment, TRY 20,607 was allocated from extraordinary reserves and TRY 1,218 was from the net profit of 2008.

The shareholding structure and shareholders before the capital increase were as set out below:

Shareholders	Total Value of Shares (Thousand TRY)	Share (%)	Paid Shares (Thousand TRY)	Unpaid Shares (Thousand TRY)
Çalık Holding A.Ş.	112,300	98.51	112,300	-
GAP Güneydoğu Tekstil San. ve Tic. A.Ş.	900	0.78	900	-
Ahmet Çalık	400	0.35	400	-
Mahmut Çalık	200	0.18	200	-
Ali Akbulut	200	0.18	200	-
Total Paid-in Capital	**114,000**	**100.00**	**114,000**	**-**
Restatement Effect	24,663		24,663	
Total Share Capital	**138,663**		**138,663**	

Sectoral Position

Although the impact of the global financial crisis that broke out in 2008 continued to be felt both in the real sector and among banks in 2009, Aktif Bank's policy of establishing its own physical delivery channels without sacrificing its growth target, creating a basis for low general expenditures, and to protect itself from exchange rate volatility, clearly illustrated that the Bank is largely immune to potential shocks and crises.

Despite all the challenging conditions in the finance sector, Aktif Bank continued to support the real sector, opening 3 new branches in Bursa, Kayseri and Gaziantep and also took significant steps towards establishing its City Banking concept.

In a major breakthrough, Aktif Bank introduced the system known as 'online loan from the dealer', currently only applied in six Turkish banks, to consumers who purchase goods and services from branded delivery channels in Turkey. This paved the way for the Bank to offer loans to consumers instantly at the point-of-sale. KreAktif was established by Aktif Bank's experienced personnel, who had previously designed similar systems for the banking sector. Within the scope of its direct banking strategies, Aktif Bank presses ahead in its efforts to generalize KreAktif throughout Turkey, adding value to Aktif Bank and raising its presence in retail banking.

Aktif Bank achieved 122% growth in its total assets during 2009, backed by a 165% surge in its total cash loans and a 41% increase in non-cash loans on the corporate banking side.

Another first for Aktif Bank in 2009 was the introduction of Turkey's first Bank Bond (Aktif Bond) to offer the "commercial paper" facility. The Bank was authorized to issue TRY 100 million of Aktif Bonds in 2009. Offering investors flexible maturity, high interest and low tax rates, Aktif Bonds became one of the most notable fixed-income investment alternative to deposit product in Turkey.

Aktif Bank steadfastly pursued its forward-looking investments to widen product diversity; in accordance with this strategy, the Bank was able to offer exporters, investors and Turkish banks short term, medium term and long term "Export, Investment and Documentary Credit Insurance" products included in the portfolio of the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC), in line with the contract entered into with the ICIEC.

Furthermore, as part of the Strategic Cooperation Agreement entered into with ITFC, a corporation under the umbrella of the Islamic Development Bank (IDB) Group, Aktif Bank played an major role, not only in Turkey, but also in Azerbaijan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Albania, for the "development of trade" through a wide range of services covering marketing, operations, credits, treasury, advisory and other fields of banking.

In parallel with its Regional Banking approach, Aktif Bank expanded its operations to reach 68 branches in the region including Albania and Kosovo through its financial subsidiary in the Balkans.

The principle of joining forces with institutions offering a broad service network without establishing any branch network is a core element of Aktif Bank's "Direct Banking" strategy. In this vein, the Bank joined forces with the PTT (General Directorate of Turkish Post); as a result, the Cheap Money Transfer (UPT) system was prepared and pilot schemes were put in place by the end of 2009. Introduced in January 2010, UPT was offered not only for Aktif Bank customers but for all users in Turkey. Under the UPT system, the money transfer process, which is carried out between banks and PTT offices through EFT and mail order, was moved one step forward, while allowing cheap, rapid, easy and nationwide money transfers between banks and PTT offices.

In 2010, Aktif Bank aims to offer customized products in fields requiring specialization, where competition is not intensive, in a bid to offer its products and services through the most appropriate and cost-efficient channels without opening branches, and also to raise its business volume through cooperation and creating synergies.

The most important guarantee of Aktif Bank's performance, when it comes to profitability, productivity and sustainable growth, is its robust intellectual capital.

By expanding the number of its young and experienced personnel by nearly 48% in 2009, Aktif Bank became a shining beacon in the banking sector with its immense dynamism.

Amendments to the Articles of Association and Reasons

Article 7 of the Articles of Association regarding the Bank's capital was amended at the Extraordinary General Assembly Meeting held on June 29, 2009 with respect to the increase of the Bank's capital stock by TRY 41,040,000 from TRY 114,000,000 to TRY 155,040,000.

With the amendment to Article 5 of the Articles of Incorporation, entitled "Purpose and Scope" presented in the Annual General Meeting, the following activities were added to the Bank's operations: sale and purchase of financial instruments, brokerage operations, sale and purchase and consignment of precious metals, issuance of bank bonds, the provision of agency services to capital market institutions, and the provision of support services for third parties.

Moreover, the authority provided to the Bank to issue bonds or similar capital market instruments was taken from the General Board and passed on to the Board of Directors.

STANDING OUT AS A WIDELY RESPECTED AND EXEMPLARY

CORPORATION THANKS TO ITS APPROACH AND PRINCIPLES, WHILE BRINGING VALUE TO A BROAD CUSTOMER BASE RANGING FROM MULTINATIONAL COMPANIES TO INDIVIDUALS, ÇALIK HOLDİNG OFFERS GOODS AND SERVICES AT GLOBAL STANDARDS.

ÇALIK HOLDİNG

Çalık Holding, based in Istanbul, is a group of companies focused on major business lines such as energy, telecommunications, textiles, construction, finance and the media. As a widely respected and exemplary corporation, thanks to its approach and principles, while bringing value to a broad customer base ranging from multinational companies to individuals, Çalık Holding offers goods and services that meet global standards. With a number of business enterprises in several different countries, Çalık Holding currently employs some 20,000 staff, both in Turkey and abroad.

Çalık Holding has developed strong and sound cooperation with many global companies, some of which are world leaders, such as General Electric, Mitsubishi, Anatolia Minerals, EBRD, EWE, ENI, Indian Oil, Qatar Investment Authority and Turk Telekom.

THE ENERGY GROUP

Structured to Reap the Rewards of Sustainable Growth...

Established under Çalık Holding in 1998, Çalık Energy became one of the most significant attestations to Çalık's vision, demonstrating consistent and sustained development. Çalık Holding maintains its international operations in the fields of power systems and oil and natural gas, particularly in Turkey and Turkmenistan.

Having embarked on investments in the Samsun-Adana Ceyhan Crude Oil Pipeline and Ceyhan Refinery projects, which are of substantial value in turning Turkey's geostrategic position into a strategic advantage, as well as strengthening its position in the international energy sector, the Euro 336 million project to build a power plant in Uzbekistan represents the latest addition to Çalık Holding's international investments. This undoubtedly stands as testament to the Holding's decisiveness in pressing ahead as a "pioneer" in the energy field, and the latest step in a process which has continued for many years.

The Company operates under two primary fields:

- Power systems
- Oil and natural gas

CONSTRUCTION GROUP

Building the Future Today with Investment Strength...

As part of its operations in the construction sector, Çalık Holding builds turnkey manufacturing plants for the textiles sector and a variety of industries, as well as homes, hospitals, schools, business centers and social areas, while also performing road construction and urban restoration projects.

Çalık Holding undertakes its operations in the construction sector through its subsidiary, GAP İnşaat, a global-scale construction company. GAP İnşaat is currently carrying out preliminary work for the Tarlabaşı and Balat Urban Restoration projects, both, the first of their kind in Turkey. Gap İnşaat became the contractor of these projects in 2007, with work scheduled to start in the second half of 2010.

Operating in one of the Holding's most rapidly growing business lines, the Çalık Construction Group performs large-scale projects in Turkey and a variety of regions such as Central Asia, the Arabian Peninsula and Africa. Ranked as the 163rd best company in the Engineering News Record's report on "The Best 225 Contractor Companies in 2009", Gap İnşaat once again proved its success on an international platform.

TEXTILE GROUP

A Leading Denim Fabrics Manufacturer in Global Markets...

Çalık Holding has been active in the textile sector since the 1930s, in both manufacture and trade, in fields ranging from ready-to-wear to cotton thread.

Known as one of the world's leading manufacturers of denim, the Group is a global player with competitive strength across the world, manufacturing a number of textile products ranging from cotton thread to ready-to-wear at its integrated plants located in Malatya and Turkmenistan. The Holding's international investments in the textile sector include the Çalık Alexandria plant, located on an area of 19,500 m^2 in Alexandria, Egypt, which has a production capacity of 250,000 textile pieces and 375,000 clothing items per month. The plant represents a notable milestone in the expansion of the Holding's experience in the textile sector on a global scale. Çalık Denim is one of the most respected and well-known brands of its sector, with global household names in its customer portfolio such as Diesel, Replay, Gap, Benetton, Lee, Wrangler, Mexx, H&M, Levi's, Calvin Klein, G Star, Tommy Hillfiger, Salsa, River Island, Marks & Spencer, Jack & Jones, Zara, Bershka, Top Shop, Esprit, Ahlers, VF, Kuyichi, CARS, E Land, Lucky Brand, Ann Tailor, LS Asia, VF Asia, Tiffosi, Inditex, Mavi, Little Big and Cross.

FINANCE GROUP

The Çalık Difference in Investment Banking...

Having gained an innovative, prestigious and sustainable position in the finance field under the leadership of its investment bank, Aktif Bank, Çalık Holding continued to offer corporate banking services and grow steadily in 2009. In addition to providing loans, the Bank offers foreign trade, factoring, loan finance and non-cash loan products and services, while also providing transportation operation services in seven cities through E-Kent. Çalık Holding undertook its first international investment in the sector by purchasing Albania's second biggest bank, Banka Kombetare Tregtare (BKT), through the Çalık-Şekerbank consortium established in 2006, before acquiring a 100% stake in BKT in 2008. As of 2009, BKT served its customers through 68 branches, 12 of which were in Kosovo and 56 in Albania.

Çalık Holding conducts its operations more effectively with each passing day, aiming to bring new depth to the finance sector, particularly in the area of investment banking.

TELECOMMUNICATIONS GROUP

An Aggressive and Dynamic Business Field which We Shape with People-Oriented Technology...

Telecommunications is where Çalık Holding has demonstrated the most rapid change and development. Conducting all its telecommunications operations under the CETEL brand, Çalık Holding directs its strategies as a strong player in Turkey and neighboring regions, with its own infrastructure. Company acquisitions through privatization and offering of high value added services lie at the center of this strategy, with a focus on establishing broadband infrastructure in suitable urban areas. Having purchased 76% of Albtelecom, Albania's only fixed line operator since 1912, CETEL, a subsidiary of the Çalık Holding, served 600,000 subscribers as of the end of 2009. The company is also the owner of Eagle Mobile, Albania's 3rd largest GSM operator. Aiming to offer high-quality services at affordable prices in the telecommunication field, both companies serve 960,000 subscribers in total.

MEDIA GROUP

Turkey's Leading Media Group...

All rights and assets held by ATV - Sabah İktisadi Ticari Bütünlük (Economic and Commercial Entity) were transferred to Turkuvaz A.Ş., a subsidiary of Çalık Holding, in 2007, with the Holding paying US$ 1.1 billion for this acquisition. Çalık Holding has accelerated its investments in the media sector over the past 2 years. One of Turkey's biggest media groups, Turkuvaz Medya, established Radyo Turkuvaz in 2009, a nationwide radio station, and meticulously moved forward in its efforts to establish a news channel. Having laid the foundations of its broadcasting policy on the approach of "Responsible and Ethical Broadcasting", the Turkuvaz Media Group has taken firm steps forward in line with its goal of continuing all broadcasting and publications, primarily the ATV television channel and the Sabah newspaper, while always striving to improve and grow ever more successfully.

MINING GROUP

Known for its entrepreneurial approach and prestige in the sectors it operates in, Çalık Holding has moved forward with sustainable growth, driven by the success it has achieved in line with its vision of being a prestigious regional power and utilizing the returns of its investments in Turkey's neighboring countries. Çalık Holding took its first step in the mining sector with the Çöpler Gold Mine, where reserves were discovered in Erzincan in 2009. The Holding has a partnership with Anatolia Minerals, a US-based company, for mining the six million ounces of gold reserves found in Çukurdere. The Holding plans to mine a total of 175,000 ounces of gold each year, with work on the project set to get underway in 2010.

Chairman's Message

aKTİF BANK, OUR GROUP'S FIRST SUBSIDIARY IN THE FINANCE SECTOR,

PRESSED AHEAD UNSTINTINGLY IN 2009 AS A PROFITABLE CORPORATION WHICH PRODUCES ADDED VALUE IN LINE WITH ITS STABLE AND SOUND FINANCIAL STRUCTURE.

2009 was such a year where measures were taken to preserve what is on hand in all sectors, reacting to the prevailing economic crisis and ever mindful of the fact that companies that restructure themselves will grow stronger, while the corporate tradition they create will be passed on in the coming years.

The measures taken in 2009 to tackle the economic crisis began to create an environment of confidence in markets, while easing possible uncertainty going forward. While the global economy demonstrated limited growth into 2010, Turkey attracted attention with its self-confidence and rising potential in such an environment.

Aktif Bank, our group's first subsidiary in the finance sector, progressed steadily and unstintingly towards becoming a key player in the Turkish economy in 2009, as a profitable corporation which produces added value in line with its stable and sound financial structure. Aiming to bring a breath of fresh air to the Turkish banking sector with its unique range of products and services, Aktif Bank rounded off 2009 with an impressive number of breakthroughs and firsts.

Serving investors both in Turkey and abroad in line with its vision "Local, Global", Aktif Bank began to undertake a significant mission in the field of corporate banking in Turkey, as well as the surrounding region, after establishing major collaborations with large scale international institutions and organizations.

Some of our proudest achievements in 2009; Aktif Bank was deemed to be in the "highly investible" category by the Japanese Credit Rating Agency JCR-ER and its long-term outlook was raised from "stable" to "positive"; Banka Kombetare Tregtare (BKT), our subsidiary in Albania, won the award as "Best Bank" in Albania by Finance Central Europe.

Supported by these achievements, we continued in 2009 to seek partnerships which would take us one step ahead in the finance sector, and sought to acquire new subsidiaries in neighboring regions. In this strategy of becoming an influential finance group not just in Turkey but also in the neighboring region, Aktif Bank's achievements remain a source of pride for all of us. We will work night and day to contribute to our country, our neighboring countries and the global economy, and go from strength to strength in 2010, as we did in 2009...

Sincerely,

Ahmet Çalık

CEO's Message

WE DEMONSTRATED RAPID AND HIGH-QUALITY GROWTH

AND PRESSED AHEAD WITH OUR INFRASTRUCTURE INVESTMENTS, ALL THE TIME CREATING NEW OPPORTUNITIES IN 2009. WE ALSO LOOK FORWARD TO A BRIGHT 2010, WITH THE INTRODUCTION OF INNOVATIVE AND UNIQUE PRODUCTS AND SERVICES, WHILE MAINTAINING OUR POSITION AS TURKEY'S MOST RAPIDLY GROWING BANK.

Despite the financial crisis which shocked the entire world, at Aktif Bank we left behind another year of breakthroughs. We were Turkey's most rapidly growing bank with a growth rate of 130% in 2008. Our financial statements indicate that our bank concluded the year 2009 with a growth rate of 122%, while also confirming our position as the leader in our sector in terms of growth. The year wrapped up an impressive 9-fold increase in the volume of our assets in the space of 2.5 years, during which we carried out our restructuring program. For me, what is more important than our asset growth is the new chapters we have brought to the story of our corporation, which will offer some impression of the coming years. Let's have a brief look at what Aktif Bank did in 2009.

The developments behind this 9-fold jump in Aktif Bank's assets in just 2.5 years were in parallel with our restructuring program. We were restructured while demonstrating high-quality growth. We set out our values, business stance, assiduity, innovation, result-oriented approach and our performance. We diversified our funding resources by issuing Turkey's first bank bond with the "commercial paper" feature. We took great pleasure from seeing other banks follow suit, an indication of how we set the ground running for a significant product. We issued bonds on two occasions, and all our bonds were purchased in a very short space of time. We issued one third of all the fixed-income securities registered in 2009. We are now alone on the Reuters' bond page; however, I am sure the page will be full of bonds issued by other banks as 2010 unfolds.

Companies shared in the resources we created. Our loans grew at a higher rate than the average loan growth rate of Turkish banks in 2009. Achieving this massive growth in loans is certainly a remarkable achievement given our non-performing loan ratio of just 0.6% - the lowest in the sector - but we managed to achieve this extremely difficult goal. May it long continue!

It is important for us not to earn from the companies we work with, but rather to earn with them. It is a great source of delight for us to design unique services and to carry out extensions for these companies. This year we introduced a service known as "Integrated Receivable Management" (B.A.Y.). We financed the project. We became the Local and the Regional Agent of the ITFC (a foreign trade finance company) and the ICIEC (an export insurance company), both subsidiaries of the Islamic Development Bank. We thereby had the opportunity to support our companies with funds besides our own resources, providing the funding they require in new markets and in respect to receivables insurance.

Aktif Bank's primary growth from here will be in retail banking, our primary area of focus. Our business stance, which allows us to grow in the corporate banking segment, also sets us apart in the retail banking field. We have always turned the profits that we have generated in the corporate banking segment into investment for our retail banking structuring. We began to complete our infrastructure towards the end of 2009, establishing one of the most robust electronic banking infrastructures both in our country and in our region. We always designed our software in the coded form of our vision. The primary banking package, "Akustik", which we designed ourselves was brought into practice.

Also, our loan factory, KreAktif, which will serve all delivery channels, was brought into operation. Our call center, internet branch and similar infrastructures were set up and in operation - not only for ourselves, but also for our subsidiaries. This new infrastructure, completed in the last few months of 2009, paves the way for us to perform unique businesses in retail banking.

The most important element of Aktif Bank's strategy is its direct banking service model. We covered significant ground towards meeting our target of becoming the bank with the broadest delivery channel in Turkey, even though the bank has no branches in the retail banking segment. We established online integration with post offices which offer the broadest physical delivery channel in the country. As a bank to have established the first online integration with post offices, we offered our existing and potential customers the opportunity to carry out transactions such as depositing money, withdrawing money and applying for banking products at post offices, as if they were Aktif Bank branches. Not wishing to rest on our laurels, we also implemented our new product, "Cheap Money Transfer" (UPT), which allows everyone, even if they are not our customers, to transfer money from the post office to the bank or vice versa, and made money transfers between these two large networks possible for the first time. In 2010, UPT will evolve and gain a brand new identity.

2009 was a year in which our subsidiaries also achieved breakthroughs. Our subsidiary in Albania, Banka Kombetare Tregtare (BKT), implemented a number of significant innovations in the field of electronic banking, while preparing the infrastructure for many others. Our teams cemented our subsidiary's competitive strength by taking a number of state-of-the-art technologies from Turkey to Albania and Kosovo, where these technologies were then localized. Our subsidiary, E-Kent, the leader of the contactless cards market, widened its activities to seven cities, while continuing to "build city technologies" with more than 3 million of its cards in use.

To sum up, 2009 was a year in which we demonstrated rapid and high-quality growth and pressed ahead with our infrastructure investments, achieving new milestones at every step of the way. We look forward to another bright 2010, a year in which we complete the infrastructure necessary for "new generation banking", while putting into practice a range of innovative and unique products and services, establish new regional collaborations and maintain our ranking as the most rapidly growing bank. In 2010, Aktif Bank will continue to fulfill its duties as a corporation admired by its customers, respected by its rivals and trusted by the parties it collaborates with, while contributing richly to the national economy.

Yours sincerely,

Dr. Önder Halisdemir

Research & Development

Bringing innovation to the sector, the Research and development activities of Aktif Bank and its subsidiaries in 2009 can be listed as follows:

- The “Chip Application” (Dual Interface Java Chip Applet) was developed for card payment systems (for payments, shopping, transportation, card pass, etc). With the designed chip system, contact and contactless prepayment cards using a joint balance and which can be used in shopping and transportation may be issued instead of two separate e-wallets. Thanks to the developed chip application, a balance may be used jointly and synchronously through two separate technologies, a first in Turkey and in the whole world.
- “Aktif Nokta” (Kiosk) machines were designed, where it is possible to buy smart, prepayment transportation cards, top up the balance on cards, check the balance, purchase magnetic paper tickets and top-up credit for mobile phones, apply for smart chip card, etc. The machines were set up and made ready for use in a number of cities. Efforts to enhance the range of applications continued to bring new functions to the machines, such as water, power, natural gas invoice collection, etc.
- Application development, visual design, production and procurement efforts were completed for Sticker Cards, which were presented in alternative to smart prepayment transportation cards used in mass transportation and are used by sticking to mobile phones, wallets, i-phones or key rings; these sticker cards are sold in Bursa for use in mass transportation.
- The AKS (Aktif Card System) was designed, with applications in transportation systems, card management systems, office and point of sale management systems, campaign management systems and fraud follow-up systems. All these systems work on a modular basis, while allowing the management of all card products through a single platform, as well as keeping track of all card and POS transactions, execution of card and office operations and management of campaigns, and at the same time supporting smart chip card payment systems.
- Services (Web Extract), which allow individuals to safely check information (transactions, card information, etc.) regarding their smart prepayment transportation cards used in mass transportation over the internet, were improved and made available through city portals.
- A card (Hybrid RFID Card) was designed able to conduct near-field communication in both spending transactions and mass transportation, also supporting remote communication at locations such as car parks or bridges. We arranged the manufacture of the card and developed applications on it, while R&D activities are still under way.
- The Individual Loan NBSM Integration (credit factory) which accepts applications from every channel and makes instant loan decisions was built.
- The Aktif Dealer System was constructed for dealers and a customizable Dealer Portal application was created.
- The Dealer Loan Application Screen, which instantly responds to loan applications, was completed and the Dealer Loans program (KreAktif) was brought into service.

Activities in 2009, Development Strategy and Goals

AKTİF BANK, TURKEY'S FIRST AND ONLY "DIRECT BANK", POSITIONS ITS PRODUCTS AND SERVICES AT THE POINT OF TRANSACTION AND WHERE THE NEED ARISES, THROUGH PROCESSES WHICH ELIMINATE THE NEED TO GO TO A BRANCH.

CORPORATE AND COMMERCIAL BANKING

Corporate and Commercial Banking, built on three fundamental strategies of Direct Banking, Regional Banking and City Banking, offers cash, non-cash, foreign trade finance, treasury, leasing, factoring, insurance and cash management products which are customized according to the sector and customer type.

With the firm belief that the best way to reach customers is to be a bank which customers want to work with, Aktif Bank offers its customers quick, customizable, practical and creative solutions in profession-requiring fields as a "corporate business partner". Within this framework, in 2009 Aktif Bank offered a customizable cash management product, the Integrated Receivable Management (B.A.Y.), which covers all customers' needs according to their cash flow structure.

The high growth rates maintained in 2009 confirmed that Aktif Bank's achievement was by far not coincidental.

- Cash loan volumes surged by 165% from TRY 105 million in 2008 to TRY 279 million in 2009.
- Non-cash loan volumes rose by 41% from TRY 350.6 million in 2008 to TRY 493.9 million by the end of 2009.

As part of the Regional Banking concept, Aktif Bank became the local and the regional agent of the ITFC (a foreign trade finance company) and the ICIEC (an export and investment insurance company), which are subsidiaries of the Islamic Development Bank.

Backed by the synergies generated through the ITFC, companies in Turkey and neighboring regions will be able to make use of alternative customized financial instruments at advantageous conditions and with maturities of longer than 12 months. This is thanks to the "customized finance" products based on commodity flow which will be developed soon, in addition to traditional financial products which are based on the flow of funds.

Through the Aktif Bank – ICIEC partnership, Turkish exporters will expand their operations in various regions, while they will be also encouraged to compete in international markets so to get protection against political and commercial risks. In addition, Turkish investors will be permitted to invest in other countries that are members of the Organization of the Islamic Conference, and to benefit from ICIEC's country risk guarantee.

Products offered within the scope of this cooperation are as follows:

- Export Loan Insurance,
- Investment Insurance,
- Documentary Credit Insurance and
- Bank Master Policy.

The Corporate Banking Group will go to great lengths to be the preferential choice of its customers in 2010, in line with Aktif Bank's growth targets.

RETAIL BANKING

Believing in bringing simple and direct competitive solutions to customers' needs by placing them at the center of its business, Aktif Bank has brought a breath of fresh air to the banking sector with its swift, practical and creative activities.

Aktif Bank, Turkey's first and only "direct bank", positions its products and services at the point of transaction and where need arises through processes which eliminate the need to go to a branch. As well as serving its customers through electronic channels, and with the physical channels of its business partners, the Bank also employs alternative channels, aiming to offer customizable products to its potential customers in line with their needs and without any restrictions with respect to time or location.

Operations carried out by Aktif Bank in 2009 were as follows:

- The Internet Banking channel was put into service as of March 2009.
- Efforts are underway without slowing down to put the Mobile Banking channel into service.

- In addition to electronic channels, alternative channel networks are established to offer extensive services to customers. Within this framework and with the intention of bringing services across Turkey, Aktif Bank put into service the Cheap Money Transfer (UPT) system which allows cheap, rapid, easy and nationwide money transfer to every location in Turkey, including to about 1,200 towns without having any bank branches.
- Through its cooperation with the PTT (General Directorate of Turkish Post), Aktif Bank allows its customers to access their accounts, who may apply through nearly 4,000 online PTT branches.
- Having issued Turkey's first Bank Bond (Aktif Bond) with the "commercial paper" feature in 2009, Aktif Bank began to add customers with a range of needs and expectations to its portfolio.
- Having activated KreAktif as of August 2009, which offers online and instant loans through dealers, Aktif Bank turned the scheme into a pioneering and leading system in this area. Efforts to broaden the reach of KreAktif, which adds value to Aktif Bank and raises its presence in retail banking, are being carried out within the framework of the Bank's direct banking strategies.

TREASURY

Aktif Bank's Treasury Group expanded its transaction volume and diversity in international and domestic money and capital markets in 2009, contributing to its growth and profitability. The Bank took great strides in its treasury restructuring in 2009. Having offered financial institutions Turkey's first Bank Bond (Aktif Bond) with the "commercial paper" feature – a highly important instrument for investors - Aktif Bank introduced it to the markets. The Bank offered investment solutions which fit its customers' risk-reward profiles and maturity expectations. It has also continuously improved its performance by creating new instruments.

2010 is expected to be a year in which global macroeconomic parameters are redefined and banks will have to act carefully in terms of profitability. While the Treasury Group contributed to the Bank's profitability and productivity with new products and services it designed during this period, it also plans to offer investors efficient options with its customer-oriented service approach. Within this framework, the Bank aims to effectively measure and manage risks related to the markets, exchange rates, interest rates and liquidity, as well as operational risks.

The Treasury Group's primary target for 2010 is to become an organization where local and global market players perform transactions securely and extensively by offering them new products and to design new financial strategies which aim at raising customer satisfaction. Aktif Bank's goal is to be the only address customers turn to when it comes to interpretation of the markets and the pricing of products.

FINANCIAL INSTITUTIONS

Having made a number of innovations and breakthroughs during 2009, Aktif Bank was recognized by larger masses in international financial markets and successfully raised its level of recognition among the global banking communities.

In 2009, just as in 2008, in line with Aktif Bank's strategy and requirements, the Bank's correspondent bank network was expanded and significant progress was made towards establishing long-term relationships with correspondent banks in order to facilitate its customers' foreign trade and treasury transactions by obtaining new cash and non-cash lines. The number of correspondent banks was raised from 168 to 231 and long-term lines were established at the counters of ECA and development banks. Aktif Bank's correspondent banking network was spread to nearly 80 countries in 2009. The foreign trade transaction volume undertaken by Aktif Bank demonstrated a successful trend despite a 27.3% decline in Turkey's foreign trade volume in 2009.

Despite the volatility in foreign markets and contraction in funding sources, Aktif Bank continued to raise financing at favorable rates to serve the needs of its customers during 2009. The Bank increased its funding source through domestic and foreign banks by 31%.

HAVING MADE A NUMBER OF INNOVATIONS AND BREAKTHROUGHS DURING 2009, AKTIF BANK WAS RECOGNIZED BY LARGER MASSES IN INTERNATIONAL FINANCIAL MARKETS AND SUCCESSFULLY RAISED ITS LEVEL OF RECOGNITION AMONG THE GLOBAL BANKING COMMUNITIES.

OPERATION

Aktif Bank has structured its operation on a centralized basis since it was founded. In addition to the central branch, its branches and its electronic delivery channels, the following services are offered by means of alternative service channels established at the Operation Group:

- Quick, practical and direct services to individual customers,
- All banking services offered to corporate and commercial customers, as well as diversified boutique services,
- Technical consultancy, training sessions and education programs through seminars provided to internal and external customers, and
- Operational service support provided to the subsidiaries.

Basic elements which distinguishes Aktif Bank's Operation Center:

- A service approach focused on customers and sales support at all times,
- Cost-efficient, highly flexible and productive service quality,
- Highly automated "industrial production" with maximum efficiency, strengthened by the IT architecture,
- Ability to offer operational services to other institutions with the service organization approach and special services packages to clients, and
- Specialized and dynamic human resources.

Having completed its restructuring process in 2008, Aktif Bank's Operation Group improved its efficiency in 2009 through significant system updates, outsourcing contracts and new products.

Some of the key developments fulfilled by the Operation Group are as follows:

- Software, developed in-house by the Bank, along with all necessary operational modules, was put into use.
- Back office and customer services began through the newly designed Individual Internet Banking channel and the renewed Corporate Internet Banking channel.
- Factoring and Securities Modules were purchased and installed for use in the Factoring Collections Unit and Treasury Operations Department.
- In the Call Center,
    - Services began to be provided for two cities after city phone lines were installed for Bursa, Kayseri, Kütahya, Gaziantep, Düzce and Sakarya,
    - The Member Office and UPT Call Center was established,
    - The system infrastructure for the Card Application through Voice Response System and City Portals was completed,
    - The recently introduced Automatic Voice Call (IVN) module improved efficiency in international calls; and
    - The Banking Call Center service was introduced.
- Systems and processes were established for the Aktif Bond issued by the Bank; in addition to branches, customer services began to be provided through the Call Center.
- Necessary work was completed within the scope of Act Office to serve foreign trade operations of corporations (ITFC, ICIEC) with which the Bank reached agreement.
- Online collection desk services began to be provided through all PTT branches.
- The banking operations of the Cheap Money Transfer System, jointly established with the PTT, were reconfigured and services were rolled out.
- Cash collection services were made available to companies by means of outsourcing contracts.
- Operational services were made available for all individual loan products designed by the Bank.
- DBS (Direct Borrowing System) collection services were made available to companies.
- The Bank joined the E-Pledge system and applied for the E-Tender system within the scope of E-Government services.
- The Data Entry and Electronic Archiving Service was established to support the Bank and its subsidiaries.

In 2010, in parallel with Aktif Bank's strategies, the Operation Group aims to reach its ultimate targets which were described for the offering of recently developed products and high quality services.

PROJECT AND CORPORATE FINANCE

PROJECT FINANCE

Aktif Bank's experienced and specialized staff (which was set up in 2008) evaluates the projects in all sectors, including energy, petrochemicals, transportation and infrastructure in Turkey and other countries in the region from an economic, financial, legal and sectoral aspect, analyzes potential financial risks and opportunities and, finally, prepares project feasibility reports.

The sectors concentrated on by the Project and Corporate Finance Department in 2009, and its work in these sectors, are summarized below;

- In the energy sector, the Department participated in projects regarding oil transportation and oil trade.
- In the power generation sector, the Department conducted feasibility, financing and consultancy studies on hydroelectric, wind and thermal power plants.
- In the power distribution sector, the Department provided sector analysis, feasibility and investment banking services.
- The Department conducted key projects concerning municipality-related infrastructure, mass transportation and payment systems.
- In the retail sector, the Department conducted feasibility studies for a shopping center project, while working to prepare feasible finance models.
- The Department participated in projects within the scope of financing products which are customized in accordance with specific projects.

The close cooperation developed between Asian and European based funds, mainly those in the Gulf Region, as well as multinational development and investment banks, will pave the way for the completion of these projects in 2010. As such, Aktif Bank will continue to contribute and bring a number of noteworthy projects to the Turkish economy.

CORPORATE FINANCE

Aktif Bank offers the following boutique investment banking services in the field of corporate finance:

- Strategic investment consultancy,
- M&A consultancy and
- Project feasibility and business plan preparation services.

In accordance with the new business conditions and dynamics which emerged in the post-crisis period, and in line with the private sector's needs to restructure business portfolios, Aktif Bank plans to concentrate on providing organizational and financial restructuring services to companies and institutions in 2010, in parallel with their strategic targets. In this context, Aktif Bank aims to contribute to the national economy by bringing new investors to Turkey and partners to existing companies, supported by the widespread financial and industrial "business network" which the Bank has established outside Turkey.

THE NEW SERVICE CHANNEL FOR INTERNATIONAL FINANCIAL INSTITUTIONS: "ACT OFFICE"

Foreign investors have demonstrated more interest in Turkey, which has attracted greater attention from the global business with its consistent and rapid growth performance in recent years. Seeing this potential, Aktif Bank designed the "Act Office" service concept in 2009 to provide the following services required by international financial institutions in Turkey and other countries in the region:

- Marketing and sale of products and services,
- Country specific and sector research activities,
- Loan supply, collateralization and legal consultancy,
- Credit evaluation,
- Operation and monitoring and
- Management and logistics.

The "Act Office" services provided by Aktif Bank have raised the interest of international financial institutions and investor groups in Turkey and other countries in the region, and those companies doing business in these countries have gained the following;

- A strong business partner in Turkey and in the region,
- Easy access to domestic expertise and extensive experience,
- The ability to focus on decision making instead of daily business processes, and
- On-site business and corporate intelligence.

AKTİF BANK BECAME THE ONLY AGENT IN TURKEY AND IN THE REGION TO OFFER FOREIGN TRADE, STRUCTURED FINANCE, EXPORT LOAN AND INVESTMENT INSURANCE PRODUCTS AND SERVICES WHICH ARE ONLY PROVIDED IN ITFC AND ICIEC MEMBER COUNTRIES.

With the cooperation agreement signed between the ICIEC and ITFC in 2009, subsidiaries of the Islamic Development Bank, and Turkey, the Balkans and the Commonwealth of Independent States, Aktif Bank became the only agent in Turkey and in the region to offer foreign trade, structured finance, export loan and investment insurance products and services provided solely in ITFC and ICIEC member countries.

As part of the cooperation agreement entered into with the ICIEC, exporters gained the opportunity, through Aktif Bank, to protect their balance sheet performance against the risk of failure of collecting their receivables, to expand their exports with more affordable and flexible payment conditions, and to access more operating capital by lending their insurance policies for security.

With the cooperating agreement signed with the ITFC, Aktif Bank began to offer ITFC's products and services to companies operating in Turkey, Azerbaijan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Albania. Moreover, Aktif Bank has played a significant role in improving trade between these countries with a wide array of services provided in marketing, operations, loans, treasury, consultancy and other banking fields.

SUBSIDIARY MANAGEMENT

The Subsidiary Management Group works towards the following three fundamental goals;

- To provide the organization of financial subsidiaries owned by the Çalık Group to form the most effective management structure,
- To monitor performances of the subsidiaries owned by the Bank and to prepare necessary reports for their evaluation as a whole, and
- To carry out activities which generate synergy between financial corporations included in the Group and to provide coordination for the realization of strategic decisions taken.

In working towards achieving these targets, the Subsidiary Management Group is also primarily responsible for effectively ensuring the flow of information between the Bank and its subsidiaries.

The Subsidiary Management Group also develops strategies aimed at acquiring new subsidiaries, and presents them for the approval of the senior management. Determining its strategy of acquiring subsidiaries in foreign countries based on such factors as geographical proximity, the potential offered by each country in the field of finance and the opportunities for synergies with the other investments in the Group, Aktif Bank, with teams composed of personnel from the Bank's various business units, conducts visits, research activities and due diligence in various countries under the coordination of the Subsidiary Management Group in order to evaluate opportunities and make necessary analyses.

In addition to country analysis, financial sub-sectors are also evaluated by the Subsidiary Management Group and feasibility studies are conducted for various investment proposals.

In Turkey, on the other hand, the Subsidiary Management Group continuously evaluates opportunities for Aktif Bank to work with partners which comply with the Bank's general strategies, and which are in a position to produce added value.

BANKA KOMBETARE TREGTARE, ALBANIA'S SECOND LARGEST BANK, IS ALSO

THE FIRST BANK WITH TURKISH CAPITAL TO HAVE INVESTED IN KOSOVO BEFORE THE INDEPENDENCE OF KOSOVO WAS DECLARED.

BANKA KOMBETARE TREGTARE (BKT)

Founded in 1920, Banka Kombetare Tregtare (BKT) assumed its current name in 1993. Privatized in 2000, control of BKT passed to Çalık Group in 2006. Şekerbank's shares in the Çalık-Şekerbank Consortium were purchased by Çalık Holding in November 2008, after which the name of the Çalık-Şekerbank Consortium Investment Incorporated was changed to Çalık Financial Services Inc., which was registered on January 13, 2009. Following the purchase of IFC and EBRD's shares on June 30, 2009, Çalık Hizmetler A.Ş. held 100% of the shares in BKT.

Having been honored with the awards of "The Best Bank" in Albania and "The Best Medium Sized Bank" in Southeastern Europe by Finance Central Europe in June 2009, BKT enjoyed the highest return on equity of any bank in Albania. BKT was issued the highest rating by the Central Bank of Albania for the third time in the last 5-year period. Rated as a Highly Investible Bank by the Japan Credit Eurasia Rating Agency in 2009, the Bank's Long-Term National Rating was confirmed as "AAA (Alb)" with a "stable" outlook.

BKT was accepted as a member of the European Savings Bank Group (ESBG) and World Savings Bank Institute (WSBI) in 2009. BKT is the first and only retail bank in Albania and Kosovo to have become a member of these institutions.

As Albania's second largest bank, BKT had total assets of US$ 1.3 billion and wrote a profit of US$ 13 million for the period, as of December 31, 2009. With US$ 94.7 million in shareholders' equity, BKT's deposit volume stands at US$ 1.2 billion, with a total cash loan volume of US$ 494 million, US$ 144 million of which consists of individual loans with US$ 350 million in corporate loans.

BKT had 68 branches at the end of 2009 and is the second bank in Albania with the most branches. BKT's 56 branches operate in 31 different cities of Albania, with the remaining 12 operating in 9 different cities of Kosovo. BKT was also the first bank with Turkish capital to have invested in this country before the independence of Kosovo was formally declared.


ÜMİT ÖZDEN
SENIOR VICE PRESIDENT OF THE PROJECT AND CORPORATE FINANCE DEPARTMENT
İBRAHİM YAŞAR
VICE PRESIDENT OF THE INTERNAL AUDIT DEPARTMENT
YUSUF KARADAĞ
VICE PRESIDENT OF THE INTERNAL CONTROL DEPARTMENT

WORKING TO ITS VISION OF BUILDING CITY TECHNOLOGIES

E-KENT BECAME ACTIVE IN MORE CITIES AND ALSO GREW MORE EFFECTIVE IN THE SECTOR, WITH A WAVE OF NEW PRODUCTS AND SERVICES PUT INTO PRACTICE ONSITE.

BKT came a long way in the field of retail banking in 2009. BKT began to offer foreign exchange office services to its customers through ATMs in March 2009, the first time such a service was offered in Albania. The "Internet Branch", a new service channel, entered service for individual customers on December 22, 2009. The Installment Program, allowing tally trade with credit cards which was another first in Albania, was put into service by BKT. BKT's Call Center began to serve 24 hours a day as of June 2009. BKT is also the only bank in Albania to offer TL selling/buying services to its customers.

In the field of corporate and commercial banking, BKT designed new hybrid loans based on commercial transactions and receivables to finance sectors experiencing difficulty in terms of warranties and loans on which public receivables are lent on security so as to finance public infrastructure investments in Kosovo and Albania. Having introduced financial products in 2009 which aim to meet the credit needs of companies operating in Turkey, BKT will remain active in other markets as well as in Albania and Kosovo in 2010.

Having offered its new banking products to customers in 2009, BKT will maintain its approach of designing new and alternative product-oriented delivery channels in 2010, aiming to expand its presence within the Albanian economy.

E-KENT ELEKTRONİK ÜCRET TOPLAMA SİSTEMLERİ (E-KENT ELECTRONIC FARE COLLECTION SYSTEMS)

Having entered into operation in Bursa in 2002, E-Kent became an indirect subsidiary of Aktif Bank in 2008 through Çalık Yönetim Sistemleri A.Ş. (Çalık Management Systems Inc.) owned by Aktif Bank.

E-Kent's fields of service include the following; electronic fare collection services integrated in municipal buses and light rail systems; box office and dealer organization management for the entire city; operation of collection desks under the Bank's guarantee; optimization of transportation lines; planning and productivity consultancy and instant communication of transportation service information for the city's residents. These are solutions which will serve as an indispensable part of city life, offering city residents the chance to take advantage of a wealth of services with a single card, along with swift and comfortable payment options, all in the scope of providing a full service to the people of the city.

Working to its vision of "building city technologies" in its fields of operation, E-Kent became active in more cities in 2009 and also grew more effective in the sector, with a wave of new products and services put into practice onsite.

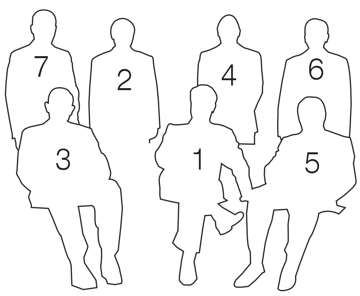
In 2009, E-Kent introduced a number of new products and services in cities where it serves;

- Customized card services were made available right from the box office, a first in Sakarya.
- In Kütahya, the customization service model was amended and instant delivery of smart cards was rendered possible for the first time by producing them at the time of application.
- In 2009, efforts in the design, manufacturing and development of points of sale such as box offices and kiosks were completed, and the specially-designed concept box office was brought into service in Kayseri for the first time.
- First generation kiosks offering smart card sale and charging services were established first in Kayseri, followed by Kütahya, Sakarya, Düzce and Bursa.
- The sale of prepaid products, other than banking and transportation products, was successfully put into practice as a pilot scheme in Bursa for the first time.
- Services were made available for non-transportation services in Gaziantep, such as Wonderland and Gaziantep Zoo. Moreover, consecutive tickets with a distinguished design were introduced at the Gaziantep Zoo.

In Bursa, Kayseri, Gaziantep, Tokat, Sakarya, Düzce and Kütahya, the cities currently served by E-Kent; it is the only company to offer solutions which replace coin operated systems with smart cards or magnetic paper tickets over Turkey's entire mass transportation system such as:

- the validator system on 3,000 municipal and public buses,
- 500 light rail system entrance-exit toll gates,
- entrance-exit toll gates of such facilities under municipal control, such as zoos, museums, etc,
- 950 smart card/magnetic paper ticket sale/charging offices; and
- With 3 millions of smart transportation cards, number of transactions reached 1 billion and transportation turnover reached TRY 800 million.

Board of Directors



1 AHMET ÇALIK

CHAIRMAN

Born in 1958, Ahmet Çalık graduated from Istanbul's Sağmalcılar High School. His family has been active in the textiles industry since the 1930s; in 1981, he expanded the Group's operations in the textile industry with the establishment of Orta Doğu Textiles, Inc. and GAP Güneydoğu Textiles Inc. He began his investments in Turkmenistan in 1992, helping establish close ties between Turkey and Turkmenistan. The President of Turkmenistan appointed Mr. Çalık as the Assistant Minister of State responsible for conducting negotiations between Turkey and Turkmenistan in areas including natural gas, petroleum and electricity. Mr. Ahmet Çalık has received a number of awards during his career, including the Medal of State of Turkmenistan in 1997. He was awarded the Republic of Turkey's State Distinguished Service Medal in 1999 and the Turkish Foreign Ministry's Distinguished Service Medal in 2002; in 2006, Mr. Çalık was handed the Turkish Grand National Assembly's Distinguished Service Medal.

2 MEHMET USTA

DEPUTY CHAIRMAN

Born in 1950, Mehmet Usta graduated from the Department of Economics and Finance at the Eskişehir Academy of Economic and Administrative Sciences. With over 20 years of international banking experience, Mr. Usta served at Anadolu Bank in various positions between 1979 and 1987 and held a variety of positions in a number of locations both at home and abroad at Emlak Bankası between 1987 and 1994. He worked at Bank Banque Du Bosphore between March 1993 to 2007 as Chief Executive Officer and as a member of the Board of Directors. He has been a member of the Board of Directors at Aktif Bank since April 2008.

3 MEHMET AYHAN BOLAY

BOARD MEMBER

Born in 1942, Mehmet Ayhan Bolay graduated from the Faculty of Economics at Ankara University. Bolay held a range of positions between 1970 and 1982 at the State Planning Organization and served as General Secretary of the State Planning Organization between 1984 and 1986 before serving as Assistant Undersecretary of Transportation between 1986 and 1993. He has been a member of the Executive Committee of Çalık Holding and a Member of the Board of Aktif Bank since 1998.

4 MEHMET İLHAN NEBİOĞLU

BOARD MEMBER

Born in 1946, Mehmet İlhan Nebioğlu graduated with a degree in economics from the Freiburg University in Germany and has over 20 years of international banking experience. He currently acts as an advisor to both Standard Bank PLC and Banka Kombetare Tregtare. He sits on the boards of Turcas Petroleum, Inc. and Man Ajans/JWThompson Istanbul. He has been a Member of the Board of Directors at Aktif Bank since 2006.

5 MEHMET ERTUĞRUL GÜRLER

BOARD MEMBER

Born in 1958, Mr. Mehmet Ertuğrul Gürler graduated from the Faculty of Economics at Marmara University and has 32 years of professional experience. He served in various capacities at Dow Turkey, Inc. between 1987 and 1994, including the post of Financial Auditor and as a Member of the Board of Directors. He served as the Acting General Manager and Secretary to the Board of Directors at Total Oil Turkey Inc. between 1994 and 1998, before joining Çalık Holding in 1998. Mr. Gürler is currently a member of the Executive Committee of Çalık Holding and a Member of the Board of Directors of Aktif Bank.

6 VEYSEL ŞAHİN

BOARD MEMBER

Born in 1959, Mr. Veysel Şahin graduated from the Department of Public Administration at the Ankara Academy of Economic and Commercial Sciences. Mr. Şahin began his career at Anadolu Bank as a member of the Inspection Committee before being commissioned at Emlak Bank and later at Ziraat Bank. With more than 20 years of banking experience, Mr. Şahin has been a member of the Board of Directors of Aktif Bank since the beginning of 2009.

7 DR. ÖNDER HALİSDEMİR

CEO AND BOARD MEMBER

Born in 1972, Dr. Önder Halisdemir received his higher education from Marmara University, New York University (NYU) and the University of Pennsylvania. Dr. Halisdemir's banking career spans several departments, including the Inspection Committee, Corporate Banking, Branch Banking and Retail Banking at a variety of banks. He played an instrumental role in introducing a range of innovations to the Turkish banking industry and has won numerous awards for his work at the banks he served, both in Turkey and internationally. Holding a PhD in banking, Dr. Halisdemir continues to serve on the boards of the Financial Managers Foundation, the Real Estate Investment Trusts Association and Association of Risk Professionals, as well as some insurance companies. He joined Aktif Bank in 2007.

Senior Management

1 MURAT EMRE DUMAN
EXECUTIVE VICE PRESIDENT, BUSINESS DEVELOPMENT GROUP
Born in 1970, Mr. Murat Emre Duman graduated from the Department of Computer Engineering at Bilkent University. He went on to obtain a Masters from the Kelley School of Business at the University of Indiana. He has 18 years of business experience, of which 12 years were in banking. He has served as manager of various award-winning projects in the banks where he worked. He joined Aktif Bank in 2007.

2 FERDA ÖNEN
EXECUTIVE VICE PRESIDENT, OPERATION GROUP
Born in 1969, Ms. Ferda Önen graduated from the Department of Economics in English, Faculty of Economics, at Istanbul University. Ms. Önen, who has 17 years of banking experience, joined Aktif Bank in 2007.

3 HAKAN KURTOĞLU
EXECUTIVE VICE PRESIDENT, FINANCIAL AFFAIRS GROUP
Born in 1969, Mr. Hakan Kurtoğlu graduated from the Department of Business Administration in the Faculty of Economic and Administrative Sciences at Marmara University. Mr. Kurtoğlu, who has 16 years of banking experience, joined Aktif Bank in 2008.

4 DOĞAN AKAY
EXECUTIVE VICE PRESIDENT, CORPORATE AND COMMERCIAL CREDITS GROUP
Born in 1968, Doğan Akay graduated from the Faculty of Business Administration at Istanbul University. Mr. Akay has 18 years of banking experience and joined Aktif Bank in 2007.

5 DR. ÖNDER HALİSDEMİR
CEO AND BOARD MEMBER
Born in 1972, Dr. Önder Halisdemir received his higher education from Marmara University, New York University (NYU) and the University of Pennsylvania. Dr. Halisdemir's banking career spans several departments, including the Inspection Committee, Corporate Banking, Branch Banking and Retail Banking at a variety of banks. He played an instrumental role in introducing a range of innovations to the Turkish banking industry and has won numerous awards for his work at the banks he served, both in Turkey and internationally. Holding a PhD in banking, Dr. Halisdemir continues to serve on the boards of the Financial Managers Foundation, the Real Estate Investment Trusts Association and Association of Risk Professionals, as well as some insurance companies. He joined Aktif Bank in 2007.

6 ÖZLEM ÖZÜN

EXECUTIVE VICE PRESIDENT, FINANCIAL INSTITUTIONS GROUP

Born in 1979, Ms. Özlem Özün graduated from the Department of Finance at the Wharton School. She also completed an executive MBA program at the Bosporus University. Ms. Özün, who has 10 years of banking experience, joined Aktif Bank in 2007.

7 MUTLU ÖZDEMİR

EXECUTIVE VICE PRESIDENT, INFORMATION TECHNOLOGY GROUP

Born in 1970, Mr. Mutlu Özdemir graduated from the Department of Computer Engineering at Bosporus University. Mr. Özdemir has 16 years of work experience, 13 of which were spent in the banking industry. He joined Aktif Bank in 2007.

8 RACİ KAYA

EXECUTIVE VICE PRESIDENT, TREASURY GROUP

Born in 1967, Mr. Raci Kaya graduated from the Faculty of Economics and Administrative Sciences at the Middle East Technical University and holds a Masters from Hacettepe University. He later completed a doctorate in banking and insurance at Marmara University. Mr. Kaya, who has 19 years of banking experience, joined Aktif Bank in 2007.

9 SERDAR SÜMER

EXECUTIVE VICE PRESIDENT, SUBSIDIARY MANAGEMENT GROUP

Born in 1973, Mr. Serdar Sümer graduated from the Department of Business Administration in the Faculty of Political Sciences at Ankara University, and holds a Masters degree from the College of William & Mary in Virginia, USA, as well as a Financial Risk Manager (FRM) certificate and Certified Public Accountant license. Mr. Sümer has 14 years of banking experience and joined Aktif Bank in 2008.

10 DR. AYDIN ARGIN

EXECUTIVE VICE PRESIDENT, CORPORATE AND COMMERCIAL MARKETING GROUP

Born in 1966, Dr. Aydın Argın graduated from the School of Business at Uludağ University. He went on to obtain an MBA from the same university and a PhD from the School of Banking and Insurance at Marmara University. Dr. Argın has 20 years of banking experience. He joined Aktif Bank in 2007.

Directors Within the Scope of Internal Systems

YUSUF A. KARADAĞ
INTERNAL CONTROL DEPARTMENT VICE PRESIDENT
Born in 1974, Mr. Yusuf A. Karadağ graduated from the Department of Political Science and International Relations, in the Faculty of Economic and Administrative Sciences at the Bosporus University. With 12 years of banking experience, Mr. Karadağ joined Aktif Bank in 2007.

İBRAHİM YAŞAR
INTERNAL AUDIT DEPARTMENT VICE PRESIDENT
Born in 1973, Mr. Ibrahim Yaşar graduated from the Department of Economics in English in the Faculty of Economics at Istanbul University. With 16 years of work experience, 11 years of which were spent in the banking industry, Mr. Yaşar has been working at Aktif Bank since 2007.

MURAT BARLAS
RISK MANAGEMENT DEPARTMENT VICE PRESIDENT
Born in 1968, Mr. Murat Barlas graduated from the Department of Mathematics in the Faculty of Science at Istanbul University. He has 14 years of banking experience, and has been working at Aktif Bank since 2007.

Auditors

FİKRİ EREM
AUDITOR
Born in 1968, Mr. Fikri Erem graduated from the Department of Business Administration at Istanbul University. With 18 years of work experience, Mr. Erem has worked as an auditor since 2001.

KADİR TEMEL DOYUK
AUDITOR
Born in 1969, Kadir Temel Doyuk graduated from the Department of Business Administration at Bilkent University and completed a Master’s degree in Business Administration at the University of Warwick in the UK. Mr. Doyuk has 14 years of work experience, having worked in the private sector since 1995.

Committees

CREDIT COMMITTEE

The Credit Committee consists of the CEO and two persons elected from among those Members of the Board who meet all the criteria, professionally and in terms of qualifications, required of the CEO, who, in their role as committee members, will exercise their authority delegated by the Board of Directors to open credit lines.

FULL MEMBERS OF THE CREDIT COMMITTEE

Mehmet Usta	(Chairman of the Credit Committee)
Mehmet Ertuğrul Gürler	(Vice Chairman of the Credit Committee)
Dr. Önder Halisdemir	(Member of the Credit Committee-CEO)

ALTERNATE MEMBERS OF THE CREDIT COMMITTEE

M. Ayhan Bolay	(1st Alternate Member)
Mehmet İlhan Nebioğlu	(2nd Alternate Member)

ASSET - LIABILITY COMMITTEE

The Asset / Liability Committee is an advisory board that establishes the financial policies and strategies required for the management of the Bank's assets and liabilities in relation to liquidity shortages, exchange rate risk and capital adequacy.

COMMITTEE MEMBERS

Dr. Önder Halisdemir	(CEO, Chairman of the Committee)
Dr. Aydın Argın	(Executive Vice President, Corporate and Commercial Marketing Group)
Doğan Akay	(Executive Vice President, Corporate and Commercial Credits Group)
Ferda Önen	(Executive Vice President, Operation Group)
Murat Emre Duman	(Executive Vice President, Business Development Group)
Mutlu Özdemir	(Executive Vice President, Information Technology Group)
Özlem Özün	(Executive Vice President, Financial Institutions Group)
Raci Kaya	(Executive Vice President, Treasury Group)
Hakan Kurtoğlu	(Executive Vice President, Financial Affairs Group)
Serdar Sümer	(Executive Vice President, Subsidiary Management Group)
Gürol Güngör	(Senior Vice President, Retail Marketing Department)
Ümit Özden	(Senior Vice President, Project and Corporate Finance Department)
Yıldırım Ulusoy	(Senior Vice President, Human Resources Department)
Tarık Sinan Onat	(Senior Vice President, Card and Merchant Marketing Department)
Savaş Çoban	(Senior Vice President, Organization and Process Management Department)
Erdal Güncan	(Central Branch Manager)
Özlem Yetkin	(Economist)

AUDIT COMMITTEE

In order to assist with the audit and supervision activities that fall under its responsibility, the Board of Directors has appointed an Audit Committee consisting of at least two of its members who meet the qualifications specified by the Banking Regulation and Supervision Agency and are given the title of Internal Systems Coordinator, to jointly conduct the administration, management and operation of the departments within the Bank's Internal Systems.

The Audit Committee monitors the efficiency and adequacy of the Bank's Internal Systems, the implementation of these systems, as well as its accounting and reporting systems, within the framework of the Banking Law, other legal provisions and the Bank's internal regulations, and the integrity of the information produced; it also conducts the necessary preliminary evaluations for the selection of independent auditors and ranking, rating and support service organizations by the Board of Directors; regularly monitors the activities of the organizations that have been appointed by the Board of Directors and with which an agreement has been signed, and ensures the coordination and the consolidated implementation of internal audit activities covering all departments, units and branches, on behalf of the Board of Directors.

The committee reports to the Board of Directors at least every six (6) months on issues pertaining to the audit activities.

COMMITTEE MEMBERS

Mehmet Usta	(Chairman of the Audit Committee)
Veysel Şahin	(Member of the Audit Committee)

PROMOTION COMMITTEE

The Bank's Promotion Committee was established to manage the promotion process in accordance with the regulations and principles established by the Human Resources Department in order to meet the needs that arise in the organization of the Bank. This committee is responsible for:

- Promoting staff members who meet the promotion criteria, and
- Determining promotion-related salary increases that will be valid at the time the promotions are made.

The Bank's Promotion Committee meets each year in June at the invitation of the Department Head responsible for Human Resources, under the chairmanship of the CEO.

COMMITTEE MEMBERS

Dr. Önder Halisdemir	(CEO, Chairman of the Committee)
Yıldırım Ulusoy	(Senior Vice President, Human Resources Department, Vice Chairman of the Committee)
Dr. Aydın Argın	(Executive Vice President, Corporate and Commercial Marketing Group)
Doğan Akay	(Executive Vice President, Corporate and Commercial Credits Group)
Ferda Önen	(Executive Vice President, Operations Group)
Murat Emre Duman	(Executive Vice President, Business Development Group)
Mutlu Özdemir	(Executive Vice President, Information Technology Group)
Özlem Özün	(Executive Vice President, Financial Institutions Group)
Raci Kaya	(Executive Vice President, Treasury Group)
Serdar Sümer	(Executive Vice President, Subsidiary Management Group)
Hakan Kurtoğlu	(Executive Vice President, Financial Affairs Group)
Savaş Çoban	(Senior Vice President, Organization and Process Management Department)
Bürra Pekak	(Vice President, Human Resources Department)
İbrahim Yaşar	(Vice President, Internal Audit Department)

Information on the participations of the members of the Board of Directors and the Audit Committee, as well as the committee members stated in sub-sub paragraph three, subparagraph (b), paragraph one of this article to the relevant meetings in the accounting period:

The Board of Directors convened every month; however, the Board of Directors may hold extraordinary meetings if necessary.

GROWING WITH AN INNOVATIVE AND YOUNG TEAM

OF PROFESSIONALS WHO POSSESS ADVANCED SPECIALIST KNOWLEDGE, AKTİF BANK AIMS TO PLACE INDIVIDUALS IN POSITIONS WHICH FIT THEIR TALENTS AND ABILITIES, WHILE OFFERING EQUAL OPPORTUNITY TO ALL CANDIDATES.

AKTİF BANK'S MOST VALUABLE RESOURCE AND ITS MOST SIGNIFICANT DISTINGUISHING FACTOR

The aim of Aktif Bank's growth strategy is to create an organization open to new technology, keep abreast of the latest global developments and create new career opportunities for its employees.

Aktif Bank aims to ensure this growth strategy in a sustainable fashion by strengthening its intellectual capital with the talents it brings to the organization and from its employees. The Bank's scope of activity has expanded in line with this target, with its organization and capabilities restructured in order to support this growth. The bank has performed strategic human resource planning by identifying key personnel, and the necessary resources were allocated to realize this plan.

The Bank closely pursues the best practices in Turkey and in the world in its bid to continuously develop Human Resources processes and improve its human resources, always with the awareness that they are the Bank's most valuable resource; moreover, various practices are designed to stimulate the creativity of the Bank's personnel and reward the added value they produce. These practices are also applied in our subsidiaries.

The Human Resources functions of our subsidiaries in Turkey and Aktif Bank's System Identity Management Unit were also centralized under the Bank's Human Resources Department.

Postgraduate degree	16%
Undergraduate degree	71%
Average Age	31
Average Banking Experience *	11 years

HIRING

Aktif Bank grows with an innovative and young team of professionals with advanced specialist knowledge. The Bank aims to commission people in jobs which fit their talents and capabilities, to hire talented individuals with high levels of self-confidence, who adopt the Bank's joint values and will take Aktif Bank a step further, who are well-educated, innovative-creative and open to development and change. The Bank is committed to offering all candidates equal opportunity and sets aside the resources necessary for this purpose. As the Bank grew, Aktif Bank restructured selection and hiring processes, set up recruitment instruments and hired the most competent and most talented individuals with experience in their fields, who are recent graduates. Aktif Bank expanded its workforce by nearly 48% year-on-year in 2009.

TRAINING AND DEVELOPMENT

Recognizing continuity of training as an important instrument in attaining the organizational competence which Aktif Bank strives for, the Human Resources Department is primarily responsible for creating the developmental potential which will expand the knowledge of our employees, develop their talents and enhance their success in their duties. During this period, occupational training sessions and training sessions aimed at personal development were conducted in the most effective and productive manner.

* It is the seniority of Unit Manager or those ranked higher.


MURAT KİBAROĞULLARI
SENIOR VICE PRESIDENT OF THE PAYMENT CARD SYSTEMS DEPARTMENT
ÖZLEM YETKİN
ECONOMIST
YILDIRIM ULUSOY
SENIOR VICE PRESIDENT OF HUMAN RESOURCES DEPARTMENT

aKTİF BANK AIMS TO MAKE THIS GROWTH

STRATEGY SUSTAINABLE BY STRENGTHENING ITS INTELLECTUAL CAPITAL WITH THE TALENT IT BRINGS TO THE ORGANIZATION AND FROM ITS EMPLOYEES.

A total of 7,286 training hours was provided in 2009, equating to 37 hours per employee. Moreover, subsidiaries were given the opportunity to benefit from training facilities in 2009, creating synergies within the Group.

CAREER MANAGEMENT

The primary target of Aktif Bank's Human Resources is to focus on developing the talents of its employees, to create a professional environment where their success and high performance is rewarded, and to establish systems aimed at supporting the success of our employees, by approaching them without any form of discrimination whatsoever.

The Human Resources department aims to ensure that employees reach their targets, along with the Bank, by merging their targets with those of the Bank. A robust performance management system was established for this purpose, which was linked with various awarding systems in 2009. All employees at Aktif Bank have the chance to be promoted to the highest echelons of the company, provided their success and commitment to their respective jobs continue.

Transactions Conducted by Aktif Bank within Its Own Risk Group

The volume of transactions conducted within the risk group in which the Bank is a member, the loan and deposit transactions that remained outstanding at the end of the period, and income and expenditures related to the period are set out below:
(in thousands TRY)

31 December 2009

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Group		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables [1]						
Balance at the Beginning of Period	-	753	531	6,246	5,749	158,531
Balance at the End of the Period	49,764	-	5,330	8,016	113,169	262,862
Profit Share and Commission Income	1,223	-	1,808	168	12,008	1,343

(1) Financial leasing, amounting to TRY 7,274, has been made available to the risk group, in which the bank is a member, in the cash accounts.

Persons and Organizations Providing Support Services

Services outsourced by the Bank within the provisions of "Regulations Regarding the Support Services Received by Banks and the Authorization of Support Service Organizations" are as follows:

- Cash transportation services are provided by SecurVerdi Güvenlik Hizmetleri A.Ş.

- Archiving services are provided by RM Arşiv Yönetim Hizmetleri Ticaret A.Ş.

- The system which covers the management of securities is outsourced to Active Bilgisayar Hizmetleri ve Ticaret Ltd. Şti.

- The system which covers factoring and receivable management services is outsourced to U&G Danışmanlık A.Ş.

- Call Center software development and system maintenance service is outsourced to İletişim Teknoloji Danışmanlık Tic. A.Ş.

- Document collection and document delivery services are outsourced to Tele Kurye Dağıtım ve Kurye Hizmetleri A.Ş.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A FIRST IN TURKE
DIRECT BANKIN
ONLY AT AKTİF BA

we are the bank of firsts

Our goal is simple and clear. We only move forward.

Although we have no branches in retail banking, we have come a long way towards providing the broadest delivery channel of any bank in Turkey. By producing direct competitive solutions which match our customers' needs, we have brought a breath of fresh air to the banking sector with our rapid and practical service models.

Audit Committee Report

INFORMATION ON THE AUDIT COMMITTEE'S EVALUATIONS OF THE OPERATIONS OF THE INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND THEIR ACTIVITIES DURING THE ACCOUNTING PERIOD

Aktif Bank introduced organizational restructuring aimed at ensuring the sound functioning of internal control, internal audit and risk management at the Bank, in line with the principles laid down in the Communiqué on Banks' Internal Systems dated November 1st, 2006 and published by BRSA. The Internal Systems Group was established within Aktif Bank, meeting the requirements for quality and effectiveness necessary to cover all conditions and in harmony with the scope and structure of our operations, and with the purpose of monitoring and managing any risks which our Bank may be subject to during the course of its activities. The "Audit Committee Regulation", prepared within this framework, entered effect after having been approved by the Board of Directors. The establishment of the Internal Control, Internal Audit and Risk Management Departments adopted the principles of independence, objectivity and division of authority; and local regulations as well as international standards were taken into account in setting out the internal arrangements and working principles of the respective Departments.

In 2009, one Auditor, one Assistant Auditor and one IT Auditor were recruited in the Internal Audit Department; one Assistant Manager, one Specialist and one Assistant Specialist were recruited in the Internal Control Department; and one Analyst was recruited in the Risk Management Department. Currently, the Internal Audit Department includes one Vice President, two Auditors, one Assistant Auditor and one IT Auditor; the Internal Control Department includes one Vice President, two Assistant Managers, one Specialist and an Assistant Specialist; and the Risk Management Department employs one Vice President and one Analyst.

As well as the control and audit activities performed by the Internal Audit, Internal Control and Risk Management Departments, process-related measures were performed during 2009, while the development of working principles and procedures was under way. Our Bank stepped up its efforts to establish additional control processes for its operations in 2009, introducing controls on the limits of treasury operations.

Risks associated with the Bank's activities are monitored and managed through proactive methods within the scope of activities carried out by the Internal Control and Internal Audit Departments. The Internal Audit and Internal Control Departments perform inspections and investigations, with their operations based on the current regulations, the internal audit program, internal control processes and implementation principles. Their findings are reported to the operating departments responsible for conducting or initiating the transaction. The audit results and development of issues identified in those reports are also monitored.

In line with the "Annual Audit Plan" approved by the Board of Directors, the audit and monitoring activities in branches, Head Office units and subsidiaries were also performed by the Internal Audit Department in 2009. In 2009, the Internal Audit Department conducted 13 audits in departments and branches, 3 audits in subsidiaries and 4 reviews and investigations. The Internal Control Department began to check Treasury, Operations, Loan and Accounting operations on a monthly basis and conducted a total of 44 checks in the mentioned departments in 2009.

The Bank's Risk Management Department is responsible for defining risks, collecting, measuring and analyzing data regarding risks, identifying and reporting risk profiles, taking and implementing the necessary precautions to optimize risks subject to and controlling risks. Risk management policies and risk limits have been established within the Bank and approved by the Board of Directors. The Bank's risk monitoring practices and reports include all significant risks and regular reports and management information systems support Bank policies and limits when it comes to risk management.

Risk exposure at the Bank has been significantly reduced in 2009 as a result of the controls implemented by the Internal Audit, Internal Control and Risk Management Departments, on a value at risk basis, taking into account the Bank's growing and developing organizational structure, balance sheet size, transaction volume and variety of transactions. These controls are aimed at raising the efficiency and effectiveness of the Bank's activities, protecting its assets and resources from any damage, to ensure its annual reports are prepared precisely and reliably and to ensure the Bank conducts its activities in compliance with the law and legal obligations.

Evaluation of Financial Status

The Bank's total assets reached TRY 577 million by the end of 2009, increasing by 122% when compared to the previous year. In US Dollar terms, the Bank's total assets grew by 123% from US$ 172 million at the end of 2008 to US$ 383.2 million by the end of 2009. Continuing to employ qualified personnel and investing in technology in parallel with its growth plans, the Bank generated TRY 3.16 million of net profit during the 2009 full year. The average return on assets based on net profit is 0.75% in 2009.The average return on shareholders' equity is 1.87% in 2009.

According to the 2009-end financial statements, the Bank's total shareholders' equity reached TRY 172.5 million, increasing by TRY 7.8 million year-on-year. With this result, Aktif Bank further strengthened its shareholder equity structure. Aktif Bank's capital adequacy ratio stood at 21.29% at the end of 2009.

In 2009, the Bank again managed its credit portfolio in an approach designed to optimize the risk-return balance, meeting customers' financing needs at different maturities in the most suitable manner. In 2009, the total volume of loans provided and financial leasing transactions conducted by Aktif Bank stood at TRY 279 million, climbing by 165% over the previous year. Demonstrating 41% growth in non-cash loans, the Bank's non-cash loans amounted to TRY 493.9 million. However, despite the economic crisis and its negative impact throughout the world, the share of non-performing loans in total loans was just 0.6%, thanks to the rational and balanced risk policies pursued by the Bank.

In 2009, Aktif Bank became the first bank in Turkey to issue the Bank Bond (Aktif Bond) with the "commercial paper" feature, a pioneering development in this field in the sector. The total amount of resources provided by bank bond issuance reached nearly TRY 51.4 million by the end of the year. Providing assurance with its strong shareholder equity, the Bank also significantly expanded its foreign resources in 2009.

In brief, Aktif Bank demonstrated significant growth in 2009, achieving this success while growing its profitability on one hand and enjoying a lower non-performing loan ratio than the sector average on the other, through effective risk management policies it conducts.

Risk Management Policies

INFORMATION CONCERNING IMPLEMENTEDRISK MANAGEMENT POLICIES BY TYPES OF RISK

Aktif Bank optimized its shareholders' equity in the most efficient manner by managing its risks well and raised its capital adequacy ratio to 21.29% by December 2009, in excess of sector average.

Aktif Bank's activities are primarily classified as Commercial and Corporate Banking or Treasury and Capital Market Transactions. The income generated from these activities accounted for 93% of the total income in 2009. ssified as Commercial and Corporate Banking or Treasury and Capital Market Transactions. The income generated from these activities accounted for 93% of the total income in 2009.

Commercial and Corporate Banking activities include commercial lending, project finance, export finance, factoring, financial leasing, and letters of guarantee, letters of credit and foreign trade finance. In 2009, 65% of the total income was realized in transactions conducted in this area of activity.

CREDIT RISK

The objective of the Bank's credit risk management strategy is to manage the risk that the Bank's own portfolio may assume in line with its strategy and goals and to maximize the risk-adjusted return. It has adopted a dynamic credit portfolio management system that also takes into account the early warning signals in credit analysis, allocation and approval. In credit placements, the Bank's policy is to observe the following principles: safety, liquidity, productivity and appropriate diversification of credits. As a result of these policies, the ratio of non-performing loans (NPL) to total loans was realized at 0.6% at the end of 2009.

The required documentation, responsibilities and limits regarding credit risk management are specified. Clear rules have been set out for scoring, loan approval processes and credit allocation conditions implemented within the Bank. Credit risk related findings are reported directly to the Board of Directors and senior management.

MARKET RISK

Treasury and Capital Market activities consist of interbank money market transactions, credits, repurchase and reverse repurchase transactions, variable and fixed income instruments, foreign currency transactions, derivative instruments and trading. Income from Treasury and Capital Markets transactions accounted for 24% of the Bank's total income in 2009.

Within the scope of Treasury and Capital Market activities, the ratio of interbank placements to total assets stood at 15% and the ratio of the securities portfolio to total assets was 22%. The fact that assets arising from the Bank's interbank transactions are short-term placements and its securities portfolio is composed of indicator government debt securities makes the Bank resilient against any liquidity risks.

Notwithstanding the primary goal of providing products which will meet the needs of our customer portfolio, the Bank's Treasury operations aim to contribute to profitability with trading transactions conducted within the framework of the market risk limits established by the Board of Directors.

OPERATIONAL RISK

Operational losses which may emerge within the Bank are monitored through its database within the scope of regulations established to manage Aktif Bank's operational risk. Moreover, as part of the bank's contingency plans, Aktif Bank's Hotsite Center located in the Balmumcu region of Istanbul enables key management and staff to continue their work in the event of local disasters. The Disaster Recovery Center in Ankara will allow the Bank to continue its operations in the event of major disasters such as earthquake, fire or flood. Copies of all corporate accesses and critical servers are backed up in real-time at the center in Ankara. An office environment has been created in both centers to meet all the technical requirements of the key staff.

5-Year Summary Financial Highlights

5-YEAR SUMMARY FINANCIAL HIGHLIGHTS - IN INDEXED VALUES (in Thousands TRY)

	2009	2008	2007	2006	2005
BALANCES WITH BANKS & INTERBANK MONEY MARKET PLACEMENTS	91,065	48,059	22,346	9,375	6,153
TRADING SECURITIES (NET)	874	854	505	747	2,707
INVESTMENT SECURITIES	124,624	50,197	-	-	-
LOANS & FACTORING RECEIVABLES	271,906	105,174	75,188	43,751	44,497
FINANCE LEASE RECEIVABLES (NET)	7,274	349	608	1,539	3,638
SHAREHOLDERS' EQUITY	172,494	164,707	65,346	61,234	55,617
TOTAL ASSETS	**577,057**	**260,090**	**113**	**66,819**	**64,177**
GUARANTEES AND INDEMNITIES	**493,904**	**350,604**	**155,291**	**105,718**	**94,781**
NET INTEREST INCOME	28,749	13,411	10,969	9,928	10,850
NET FEES AND COMMISSION INCOME	5,227	2,820	2,274	2,129	2,514
PROFIT BEFORE TAXES	4,402	4,623	5,133	6,650	8,349
PROVISION FOR TAXES ON INCOME	-1,247	330	-1,021	-1,421	-2,753
NET PROFIT / LOSSES	3,155	4,953	4,112	5,229	5,596

5-YEAR SUMMARY FINANCIAL HIGHLIGHTS - IN INDEXED VALUES (in Thousands US$)

	2009	2008	2007	2006	2005
BALANCES WITH BANKS & INTERBANK MONEY MARKET PLACEMENTS	60,480	31,659	19,124	6,633	4,566
TRADING SECURITIES (NET)	580	563	432	529	2,009
INVESTMENT SECURITIES	82,768	33,068	-	-	-
LOANS & FACTORING RECEIVABLES	180,584	69,285	64,346	30,957	33,022
FINANCE LEASE RECEIVABLES (NET)	4,831	230	520	1,089	2,700
SHAREHOLDERS' EQUITY	114,561	108,503	55,923	43,327	41,274
TOTAL ASSETS	**383,248**	**171,337**	**97**	**47,279**	**47,627**
GUARANTEES AND INDEMNITIES	**328,023**	**230,964**	**132,898**	**74,802**	**70,338**
NET INTEREST INCOME	19,093	8,835	9,387	7,025	8,052
NET FEE AND COMMISSION INCOME	3,471	1,858	1,946	1,506	1,866
PROFIT BEFORE TAXES	2,924	3,045	4,393	4,705	6,196
PROVISION FOR TAXES ON INCOME	828	217	874	1,005	2,043
NET PROFIT / LOSSES	2,095	3,263	3,519	3,700	4,153
US$/TRY RATE	1.5057	1.5180	1.1685	1.4133	1.3475


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AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
WITH INDEPENDENT AUDITORS' REPORT THEREON

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Aktif Yatırım Bankası Anonim Şirketi:

We have audited the accompanying financial statements of Aktif Yatırım Bankası Anonim Şirketi (the "Bank") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as of 31 December 2009, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2009, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters:

a) The Bank has given the significant portion of non-cash loans to its related parties (Çalık Group Companies) as of balance sheet date.

11 March 2010
Istanbul, Turkey

Akis Bağımsız Denetim ve Serbest
Muhasebe Mali Müşavirlik A.Ş.

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2009

(Currency - in Thousands of Turkish Lira ("TL"))

	Note	31 December 2009	31 December 2008
ASSETS			
Cash and cash equivalents	15	100,927	54,499
Reserve deposits at Central Bank	16	8,395	4,897
Trading assets	17	874	854
Trade and other receivables	18	1,366	1,000
Inventories	19	3,295	1,288
Loans and advances to customers	20	279,180	105,523
Investment securities	21	124,624	50,197
Investment in associate	22	19,958	17,542
Property and equipment	23	14,047	2,572
Intangible assets	24	21,850	17,803
Deferred tax assets	14	-	230
Other assets	25	2,541	3,685
Total assets		**577,057**	**260,090**
LIABILITIES			
Trading liabilities	17	52	3
Trade and other payables	26	5,339	1,042
Obligations under repurchase agreements	27	85,792	1,528
Financial lease liabilities		2,809	137
Debt securities issued	28	51,395	-
Funds borrowed	29	97,471	75,698
Provisions	30	713	733
Deferred tax liabilities	14	1,940	2,624
Other liabilities	31	158,353	13,884
Total liabilities		**403,864**	**95,649**
EQUITY			
Share capital	32	160,488	138,663
Reserves	32	5,070	2,272
Retained earnings		6,936	23,772
Total equity attributable to equity holders of the Bank		**172,494**	**164,707**
Non-controlling interest		699	(266)
Total equity		**173,193**	**164,441**
Total liabilities and equity		**577,057**	**260,090**
Commitments and contingencies	34		

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009
(Currency - in Thousands of Turkish Lira ("TL"))

	Note	31 December 2009	31 December 2008
Interest income	8	37,134	16,757
Interest expense	8	(8,385)	(3,346)
Net interest income		**28,749**	**13,411**
Fees and commission income	9	5,718	3,000
Fees and commission expense	9	(491)	(180)
Net fee and commission income		**5,227**	**2,820**
Net trading income	10	5,330	1,659
Income from fare collection services	11	11,340	5,658
Cost of fare collection services	11	(4,107)	(2,471)
Other operating income		-	54
Operating income		**46,539**	**21,131**
Net impairment on financial assets	20, 30	(1,000)	(444)
Personnel expenses	12	(25,088)	(16,323)
Depreciation and amortisation	23, 24	(4,669)	(2,588)
Administrative expenses	13	(13,211)	(5,706)
Other operating expense		(585)	-
Total operating expenses		**(44,553)**	**(25,061)**
Negative goodwill on acquisition of subsidiary	7	-	1,039
Share of profit of equity accounted investee	22	2,416	7,514
Profit before income tax		**4,402**	**4,623**
Income tax	14	(1,247)	330
Net profit for the year		**3,155**	**4,953**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		3,095	177
Income tax on other comprehensive income		(376)	(35)
Other comprehensive income for the year, net of income tax		**2,719**	**142**
Total comprehensive income for the year		**5,874**	**5,095**
Profit attributable to:			
Equity holders of the Bank		5,068	5,219
Non-controlling interest		(1,913)	(266)
Profit for the year		**3,155**	**4,953**
Total comprehensive income attributable to:			
Equity holders of the Bank		7,787	5,361
Non-controlling interest		(1,913)	(266)
Total comprehensive income for the year		**5,874**	**5,095**

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009
(Currency - in Thousands of Turkish Lira ("TL"))

	Note	Share capital	Adjustment to share capital	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total Equity
At 1 January 2008		**20,000**	**24,663**	**-**	**1,996**	**18,687**	**65,346**	**-**	**65,346**
Total comprehensive income for the year									
Profit for the year		-	-	-	-	5,219	5,219	(266)	4,953
- Other comprehensive income									
Net change in fair value of available-for-sale financial assets	32	-	-	142	-	-	142	-	142
Total other comprehensive income		**-**	**-**	**142**	**-**	**-**	**142**	**-**	**142**
Total comprehensive income for the year		**-**	**-**	**142**	**-**	**5,219**	**5,361**	**(266)**	**5,095**
Transactions with owners, recorded directly in equity									
- Contributions by and distributions to owners									
Share capital increase		94,000	-	-	-	-	94,000	-	94,000
Transfer to legal reserves		-	-	-	134	(134)	-	-	-
At 31 December 2008		**114,000**	**24,663**	**142**	**2,130**	**23,772**	**164,707**	**(266)**	**164,441**
Total comprehensive income for the year									
Profit for the year		-	-	-	-	5,068	5,068	(1,913)	3,155
- Other comprehensive income									
Net change in fair value of available-for-sale financial assets	32	-	-	2,719	-	-	2,719	-	2,719
Total other comprehensive income		**-**	**-**	**2,719**	**-**	**-**	**2,719**	**-**	**2,719**
Total comprehensive income for the year		**-**	**-**	**2,719**	**-**	**5,068**	**7,787**	**(1,913)**	**5,874**
Transactions with owners, recorded directly in equity									
- Contributions by and distributions to owners									
Capital contribution by non-controlling interest		-	-	-	-	-	-	2,878	2,878
Transfer to share capital		41,040	(19,215)	-	-	(21,825)	-	-	-
Transfer to legal reserves		-	-	-	79	(79)	-	-	-
At 31 December 2009		**155,040**	**5,448**	**2,861**	**2,209**	**6,936**	**172,494**	**699**	**173,193**

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009
(Currency - in Thousands of Turkish Lira ("TL"))

	Note	31 December 2009	31 December 2008
Cash flows from operating activities			
Net profit for the year		3,155	4,953
Adjustments for:			
Depreciation and amortisation	23, 24	4,669	2,588
Net impairment on financial assets	20, 30	1,000	444
Net interest income		(28,749)	(13,411)
Share of profit of equity investee	22	(2,416)	(7,514)
Negative goodwill on acquisition of subsidiary	7	-	(1,039)
Gain on sale on property and equipment		-	(49)
Income tax	14	1,247	(330)
		(21,094)	**(14,358)**
Change in reserve deposit at Central Bank		(3,498)	(4,278)
Change in trading assets		29	(346)
Change in trade and other receivables		(366)	950
Change in inventories		(2,007)	216
Change in loans and advances to customers		(175,015)	(28,316)
Change in other assets		1,333	2,836
Change in trade and other payables		4,297	(113)
Change in obligations under repurchase agreements		84,264	1,493
Change in other liabilities and provisions		144,449	1,304
		32,392	**(40,612)**
Interest received		37,335	14,937
Interest paid		(8,417)	(2,273)
Income tax paid		(2,266)	(353)
Net cash provided from / (used in) operating activities		**59,044**	**(28,301)**
Cash flows from investing activities			
Purchase of investment securities		(216,193)	(50,055)
Sales of investment securities		145,018	-
Purchase of property and equipment	23	(12,694)	(2,168)
Proceeds from the sale of property and equipment		16	63
Purchase of intangible assets	24	(3,546)	(4,659)
Development expenditure	24	(3,967)	(581)
Acquisition of subsidiary, net of cash acquired	7	-	(15,696)
Capital contribution by minority shareholders		2,878	-
Net cash used in investing activities		**(88,488)**	**(73,096)**
Cash flows from financing activities			
Change in financial lease liabilities		2,672	137
Proceeds from debt securities issued		51,018	-
Proceeds from funds borrowed		23,254	336,872
Repayment of borrowings		(1,072)	(298,109)
Proceeds from share capital increase	31	-	94,000
Net cash provided from financing activities		**75,872**	**132,900**
Net increase in cash and cash equivalents		**46,428**	**31,503**
Cash and cash equivalents on 1 January	15	54,499	22,996
Cash and cash equivalents on 31 December	**15**	**100,927**	**54,499**

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

Notes to the consolidated financial statements

(Currency - in Thousands of Turkish Lira ("TL"))

1. Corporate information

Aktif Yatırım Bankası Anonim Şirketi (the "Bank") was incorporated under the name of Çalık Yatırım Bankası A.Ş. in Turkey in July 1999. The Bank changed its name as Aktif Yatırım Bankası A.Ş. on 1 August 2008.

The Bank operates as an "investment bank" and is mainly involved in corporate services such as cash or non-cash, financial leasing, factoring, corporate lending. As an investment bank, the Bank borrows funds from other banks, financial markets, partners and credit customers, but is not entitled to receive deposits from customers.

The head office of the Bank is located at Büyükdere Cad. No: 163 Zincirlikuyu / Istanbul, and the Bank have also two branches in Istanbul.

On 8 May 2008, the Bank has established Çalık Yönetim Sistemleri A.Ş. ("ÇYS") with a 75% of ownership. ÇYS provides consultancy services in the issues of the evaluation, organisation and restructuring of the general management of the companies established or to be established, the alteration, project and quality management thereof, the strategic planning and the preparation of the feasibilities related thereto, the management of company systems, reduction of costs and company management, industrial relations, manpower planning, production management, productivity, strategic decisions, information technology, financial, accounting and commercial matters, human resources, acquisitions and mergers, quality development, risk management, information technology management and system development and evaluation, as well as preparing computer software and databases regarding these issues.

On 30 May 2008, ÇYS acquired 100% of E-Kent Elektronik Ücret Toplama A.Ş. ("E-Kent") which was established in 2002 to TL 17,000 (see Note 7). E-Kent is a provider of high-technology solutions and services for modern urban management. E-Kent sells, installs and operates electronic fare collection solutions and electronic payment systems, and provides consulting services for planning and efficiency of public transport services. E-Kent is an electronic fare collection operating company, and currently operates services in four provinces of Turkey. E-Kent has tailored its systems to meet the individual customer requirements of various railway networks, municipalities, public transport companies, car parks, cultural parks, zoos and museums located in major cities in Turkey. E-Kent is a member of the International Association of Public Transport (UITP). E-Kent has 98% of ownership in E-Tik Elektronik Transfer Kup. Ltd. Şti. ("E-Tik").

The Bank and its consolidated subsidiaries are referred as the "Group" hereafter.

The Bank has cooperation with Çalık Holding A.Ş. in their project of investing a foreign oriented bank in Çalık Finansal Hizmetler A.Ş. The share of the Bank in this company is 24%.

The main establishment purpose of Çalık Finansal Hizmetler A.Ş. is the transactions related with purchase of Bank Kombatare Tregtare in Albania.

The subsidiaries included in consolidation and effective shareholding percentages of the Group at 31 December 2009 and 31 December 2008 are as follows:

	Place of incorporation	Effective shareholding and voting rights (%)	
		31 December 2009	31 December 2008
ÇYS	Turkey	75.0	75.0
E-Kent	Turkey	75.0	75.0
E-Tik	Turkey	73.5	73.5
Çalık Finansal Hizmetler A.Ş.	Turkey	24.0	24.0

ÇYS established with TL 3,000 of registered capital. The share capital is registered to the Bank and GAP İnşaat Yatırım ve Dış Ticaret A.Ş. ("GAP İnşaat") with shareholding percentage of 75% and 25%, respectively. As at 31

December 2009, ÇYS increased its share capital from 3,000 TL to 11,500 TL. The share capital increase was paid by the Bank and GAP İnşaat respectively their shareholding percentage.

The Bank employs 236 people as of 31 December 2009 (31 December 2008 – 160).

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Bank maintains its books of account and prepares its statutory financial statements in accordance with Turkish Accounting Standards, Financial Reporting Standards and other regulations on accounting and reporting standards promulgated by the Banking Regulation and Supervision Agency ("BRSA"). The consolidated subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with the regulations of Turkish Commercial Code and Tax Legislation.

The consolidated financial statements have been prepared from statutory financial statements of the Bank and its subsidiaries and presented in accordance with IFRS in Turkish Lira ("TL") with adjustments and certain reclassifications for the purpose of fair presentation in accordance with IFRS.

The accompanying consolidated financial statements as of 31 December 2009 are authorised for issue by the management on 11 March 2010. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial instruments.

2.3 Functional and presentation currency

These consolidated financial statements are presented in TL, which is the Group's functional currency. Except as indicated, financial information presented in TL has been rounded to the nearest thousand.

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in notes 4 and 5.

2.5 Change in accounting policies

Effective 1 January 2009, the Group has changed its accounting policies in the following area:

- Presentation of financial statements

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects.

2.6 Other accounting developments

Disclosures pertaining to fair values and liquidity risk for financial instruments

The Group has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Revised disclosures in respect of fair values of financial instruments are included in note 5.

Further, the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require the maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee could be called.

Revised disclosures in respect of liquidity risk are included in note 4.

3. Significant accounting policies

3.1 Accounting in hyperinflationary economies

The financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on International Accounting Standard ("IAS") No. 29 "Financial Reporting in Hyperinflationary Economies" as of 31 December 2005. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current on the balance sheet date, and that corresponding figures for prior periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The cumulative three-year inflation rate in Turkey has been 35.61% as of 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by the Turkish Statistical Institute ("TURKSTAT"). By taking this into consideration, together with the sustained positive trend in quantitative factors, such as the stabilisation in financial and monetary markets, decrease in interest rates and the appreciation of TL against USD and other hard currencies, it was declared that Turkey should be considered a non-hyperinflationary economy under IAS 29 from 1 January 2006 as stated in International Standards Alert No. 2006/17 issued on 8 March 2006. Therefore, IAS 29 has not been applied to the accompanying financial statements starting from 1 January 2006.

3.2 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (Note 3.19).

(ii) Associate (equity accounted investee)

The Bank's investment in associate is subsidiary for under the equity method of accounting. This is entity in which the Bank has significant influence but not control and which are neither affiliate nor joint ventures of the Bank. The investment in subsidiary is carried in the balance sheet at cost plus post-acquisition changes in the Bank's share of net assets of the subsidiary, less any impairment in value. The income statement reflects the Bank's share of the results of operations of the subsidiary. Where there has been a change recognised directly in the equity of a subsidiary, the Bank recognises its share of any changes and discloses this when applicable, in the statement of changes in equity.

The subsidiary's accounting policies conform to those by the Bank for like transactions and events.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the reporting date are retranslated to the functional currency at the exchange rate on that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign currency translation rates used by the Group are as follows:

	EUR / TL (full)	USD / TL (full)
31 December 2008	2.1454	1.5180
31 December 2009	2.1603	1.5057

3.4 Interest income / expense

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are integral part of the effective interest rate.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense presented in the consolidated income statement include the interest income on financial assets and liabilities at amortised cost on an effective interest rate basis.

3.5 Fees and commission

Fees and commissions income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are provided.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.6 Net trading income

Net trading income comprises gains less loss related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

3.7 Income from fare collection service

(i) Goods sold

Revenue from the sale of goods is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the sale of goods is stated net of discounts and returns. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed on to the buyer and the amount of revenue can be measured reliably.

(ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iii) Services

Revenue from services rendered is recognised in profit or loss as the service has been rendered.

3.8 Dividends

Dividend income is recognised when the right to receive income is established.

3.9 Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.10 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed on each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Financial assets and liabilities

Recognition

The Group initially recognises trade and other receivables, loans and advances to customers, held-to-maturity investment securities, trade and other payables, funds borrowed and customer accounts on the date that they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Group commits to purchase or sell the asset. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

Identification and measurement of impairment

On each balance sheet date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Since the Group's loan portfolio does not consist of many transactions, the Group considers evidence of impairment at only specific asset level. All financial assets are assessed for specific impairment.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments by more than 90 days;
- the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be dentified with the individual financial assets in the Group, including:
  - adverse changes in the payment status of borrowers; or
  - national or local economic conditions that correlate with defaults on the assets in the Group.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, met of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with Central Bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as cash and cash equivalents, and the underlying asset is not recognised in the Group's consolidated financial statements.

Cash and cash equivalents are carried at amortised cost in the consolidated balance sheet.

3.13 Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the balance sheet with transaction costs taken directly to income statement. All changes in fair value are recognised as part of net trading income in income statement. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

3.14 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is determined on weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.16 Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances to customers.

Loans and advances to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3.17 Investment securities

Investment securities are initially measured at fair value plus, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held-to-maturity or available-for-sale.

(i) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

(ii) Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments except the equity securities are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in equity are recognised in profit or loss.

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

3.18 Property and equipment

Recognition and measurement

Items of property and equipment are restated for the effects of inflation to the end of 31 December 2005, less accumulated depreciation and impairment losses. Property equipment acquired after 31 December 2005 is reflected at cost, less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for as at 31 December 2009 and 31 December 2008 are as follows:

• machinery and equipment	4-8 years
• furniture and fixtures	4-8 years
• motor vehicles	5 years
• other fixed assets	4-50 years

Leasehold improvements are depreciated on a straight-line method over a period of time of their lease contract.

3.19 Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries.

Acquisition

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Service agreements

Service agreements acquired in a business combination are recognised at fair value at the acquisition date. The service agreements have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the service agreements.

(iii) Software

Software acquired by the Group is restated for the effects of inflation to the end of 31 December 2005, less accumulated amortisation and impairment losses. Intangible assets acquired after 31 December 2005 are reflected at cost, less accumulated amortisation and impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimate useful life of software is 3 to 14 years.

3.20 Leased assets – lessee

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, the leased assets are not recognised on the Group's balance sheet.

3.21 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed on each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.22 Funds borrowed and debt securities issued

Funds borrowed and debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3.23 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.24 Employee benefits

(i) Reserve for employee severance payments

In accordance with the existing social legislation in Turkey, the Group is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognised in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Group that may arise from the retirement of the employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.25 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.26 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at and for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Group, with the exception of:

- IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investment in equity securities in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value witch changes in fair value recognised in profit or loss.

  The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

  The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

  The Group is currently in the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

4. Financial risk management

Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit Committee and Risk Management Department, which are responsible for developing and monitoring Group risk management policies in their specified areas. The Audit Committee has non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Bank's credit risk management strategy is based on a three-part methodology that embraces the customer selection, credit allocation, and credit pricing stages. Since it was founded, the Bank has always managed its credit risks by taking a portfolio-logic approach. This sums up the Bank's basic risk management strategy.

In the first stage of the lending process, sectoral weightings are determined and firms that are seeking credit are given a preliminary screening. This initial check is followed by the credit allocation stage in which firms are individually rated and the Bank's guarantee strategy is determined according to the results of this rating. In the final stage of the lending process, prices are determined by taking a risk-premium approach.

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Exposure to credit ris

		Cash at banks (excluding cash at Central Bank)		Trade and other receivables		Loans and advances to customers		Investment debt securities (held-to-maturity portfolio)	
	Note	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Carrying amount		91,047	47,987	1,366	1,000	279,180	105,523	2,580	2,423
Individually impaired									
- Non-performing financial assets		-	-	-	62	1,754	500	-	-
Gross amount		-	-	-	62	1,754	500	-	-
Allowance for impairment		-	-	-	(62)	(1,754)	(450)	-	-
Carrying amount	15, 18, 20	-	-	-	-	-	50	-	-
Neither past due nor impaired									
- Low risk		91,047	47,987	-	-	209,885	53,099	-	-
- Medium risk		-	-	-	-	68,789	52,374	2,580	2,423
- High risk		-	-	-	-	-	-	-	-
- Non graded		-	-	1,366	1,000	506	-	-	-
Carrying amount		91,047	47,987	1,366	1,000	279,180	105,473	2,580	2,423
Carrying amount (amortised cost)	15, 18, 20, 21	91,047	47,987	1,366	1,000	279,180	105,523	2,580	2,423

Impaired loans and advances to customers, trade and other receivables and investment securities

Impaired loans and advances to customers, trade and other receivables and investment debt securities are those for which the Group determines that it is probable that it will be unable to collect all principal and interest due to according to the contractual terms of the loans, receivables and investment debt securities.

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Allowance for impairment

The Group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loan, receivable and investment debt security portfolio. This allowance is a specific loss component that relates to individually significant exposures.

Write-off policy

The Group writes off a loan, receivable or investment debt security balance, and any related allowances for impairment losses, when Group determines that the loan, receivable or security is uncollectible. This determination is reached after considering information such as occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade.

	Trade and other receivables		Loans and advances to customers		Investment debt securities – HTM	
	Gross	Net	Gross	Net	Gross	Net
31 December 2009						
Individually impaired	-	-	1,754	-	-	-
31 December 2008						
Individually impaired	62	-	500	50	-	-

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

Cash loans	31 December 2009	31 December 2008
Against non-performing loans	-	-
Against neither past due nor impaired		
- Investment securities	26,176	-
- Pledge on property	9,172	1,822
- Equity	5,403	-
- Cheques and notes	1,436	42,538
Total	**42,187**	**44,360**

The Bank also holds collateral against non-cash loans as stated below:

Non-cash loans	31 December 2009	31 December 2008
Equity	20,304	1,588
Cheques and notes	5,500	13,631
Pledge on property	5,251	5,325
Investment securities	170	-
	31,225	**20,544**

In addition to collaterals stated above, the Bank holds customer sureties amounting to TL 47,077 (31 December 2008 – TL 41,435) against its cash loans and advances to customers and TL 102,819 (31 December 2008 – TL 134,049) against its non-cash loans.

Concentration risk by sector

The Bank monitors concentrations of credit risk for cash loans and advances to customers by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	31 December 2009		31 December 2008	
Sector	Carrying amount	%	Carrying amount	%
Construction	66,650	24	8,099	8
Financial institutions	63,279	23	3,362	3
Manufacturing	63,206	23	74,372	70
Transportation and communication	45,875	16	1,620	2
Energy	8,515	3	950	1
Trade	3,991	1	9,969	9
Real estate	-	-	944	1
Other	27,664	10	6,207	6
	279,180	100	105,523	100

An analysis of concentrations of credit risk for non-cash loans to customers at the reporting date is shown below:

	31 December 2009		31 December 2008	
Sector	Carrying amount	%	Carrying amount	%
Manufacturing	160,755	33	75,601	22
Energy	108,545	22	12,747	4
Construction	97,856	20	53,242	15
Financial institutions	65,440	13	7,750	2
Transportation and communication	35,859	7	10,600	3
Trade	10,811	2	35,718	10
Real estate	-	-	78,148	22
Other	14,638	3	76,798	22
	493,904	100	350,604	100

Trade and other receivables are due from several private sector companies and city municipalities. Investment securities (held-to-maturity portfolio) are corporate bonds.

Concentration risk by location

The Group’s total risk for loans and advances to customers, trade and other receivables and investment debt securities (held-to-maturity portfolio) is concentrated on Turkey.

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Trading assets and investment securities (available-for-sale portfolio)

The Group held trading assets, investment securities (available-for-sale portfolio) including derivative assets of TL 122,918 (31 December 2008: TL 48,628). An analysis of the credit quality of the maximum credit exposure is as follows:

	Note	31 December 2009	31 December 2008
Government bonds and treasury bills			
- Rated BB- (trading portfolio)	17	874	854
- Rated BB- (available-for-sale portfolio)	21	106,187	40,274
Corporate bonds			
- Rated B (available-for-sale portfolio)	21	15,857	7,500
Derivative assets:			
- Bank and financial institution counterparties	17	-	-
Fair value and carrying amount		**122,918**	**48,628**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group funds its short-term liquidity with interbank. In the case of long-term liquidity need, the Bank utilises capital market instruments. Additionally, the Bank also funds itself from the domestic market when it needs additional funds.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to short-term funds borrowed. For this purpose net liquid assets are considered as including cash and cash equivalents and trading debt securities for which there is an active and liquid market less any short-term funds borrowed and commitments. A similar, but not identical, calculation is used to measure the Bank's compliance with the liquidity limit established by the BRSA.

	31 December 2009	31 December 2008
At the end of the year	158%	497%
Average for the year	194%	188%
Maximum for the year	434%	420%
Minimum for the year	110%	114%

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Residual contractual maturities of financial liabilities

	Note	Carrying amount	Gross nominal inflow / (outflow)	On demand	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
31 December 2009									
Non-derivative liabilities									
Trade and other payables	26	5,339	5,339	1,731	95	1,854	827	-	832
Obligations under repurchase agr.	27	85,792	85,792	-	85,792	-	-	-	-
Financial lease liabilities		2,809	3,127	-	11	16	580	2,520	-
Debt securities issued	28	51,395	54,556	-	20,191	6,323	28,042	-	-
Funds borrowed	29	97,471	98,863	-	12,795	33,112	52,324	632	-
Current accounts (*)	31	126,402	126,935	34,907	36,395	39,829	15,804	-	-
Derivative financial instruments									
Outflow	17	52	(8,118)	-	(5,107)	-	(3,011)	-	-
Inflow	17	-	8,177	-	8,177	-	-	-	-
		369,260	**374,671**	**36,638**	**158,349**	**81,134**	**94,566**	**3,152**	**832**

(*) Included in other liabilities.

	Note	Carrying amount	Gross nominal inflow / (outflow)	On demand	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
31 December 2008									
Non-derivative liabilities									
Trade and other payables	26	1,042	(1,042)	-	(35)	(262)	-	-	(745)
Obligations under repurchase agr.	27	1,528	(1,528)	-	(1,528)	-	-	-	-
Financial lease liabilities		137	(137)	-	(8)	(16)	(80)	(33)	-
Funds borrowed	29	75,698	(77,209)	-	(16,524)	(25,774)	(33,423)	(1,488)	-
Current accounts (*)	31	10,589	(10,589)	(10,589)	-	-	-	-	-
Derivative financial instruments									
Outflow	17	3	(1,713)	-	(1,713)	-	-	-	-
Inflow	17	-	1,714	-	1,714	-	-	-	-
		88,997	**(90,504)**	**(10,589)**	**(18,094)**	**(26,052)**	**(33,503)**	**(1,521)**	**(745)**

(*) Included in other liabilities.

The gross nominal inflow / (outflow) disclosed in the table above is the contractual, undiscounted cash flow on the financial liability or commitment.

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Market risk

Market risk is the risk that, measured by changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market risk is vested in Asset and Liability Committee ("ALCO").

Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Bank's trading portfolios is Standard Method.

A summary of the Standard Method position of the Group's trading portfolios on 31 December 2009 and 31 December 2008 and during the year is as follows:

	At the end of the year	Average	Maximum	Minimum
31 December 2009				
Foreign currency risk	1,850	1,825	5,425	288
Interest rate risk	35,325	19,238	35,325	14,225
	37,175	**21,063**	**40,750**	**14,513**
31 December 2008				
Foreign currency risk	400	563	1,313	225
Interest rate risk	16,038	3,438	15,150	13
	16,438	**4,001**	**16,463**	**238**

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management Department of the Bank in its day-to-day monitoring activities. A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

	Note	Carrying amount	Unallo-cated	On demand	Less than 3 month	3-6 months	6-12 months	1-5 years	More than 5 years
31 December 2009									
Cash and cash equivalents	15	100,927	-	3,271	97,656	-	-	-	-
Reserve deposits at Central Bank	16	8,395	8,395	-	-	-	-	-	-
Trade and other receivables	18	1,366	-	-	1,366	-	-	-	-
Loans and advances to customers	20	279,180	-	-	243,342	6,972	17,802	11,064	-
Investment securities – AFS	21	122,044	-	-	-	-	-	122,044	-
Investment securities – HTM	21	2,580	-	-	-	-	-	2,580	-
		514,492	**8,395**	**3,271**	**342,364**	**6,972**	**17,802**	**135,688**	**-**
Trade and other payables	26	5,339	-	1,731	1,949	-	827	-	832
Obligations under repurchase agr.	27	85,792	-	-	85,792	-	-	-	-
Financial lease liabilities		2,809	-	-	26	7	546	2,230	-
Debt securities issued	28	51,395	-	-	25,202	-	26,193	-	-
Funds borrowed	29	97,471	-	-	45,729	23,928	27,319	495	-
		242,806	**-**	**1,731**	**158,698**	**23,935**	**54,885**	**2,725**	**832**
Interest rate gap		**271,686**	**8,395**	**1,540**	**183,666**	**(16,963)**	**(37,083)**	**132,963**	**(832)**

	Note	Carrying amount	Unallo-cated	On demand	Less than 3 month	3-6 months	6-12 months	1-5 years	More than 5 years
31 December 2008									
Cash and cash equivalents	15	54,499	-	2,520	51,979	-	-	-	-
Reserve deposits at Central Bank	16	4,897	4,897	-	-	-	-	-	-
Trade and other receivables	18	1,000	110	-	827	63	-	-	-
Loans and advances to customers	20	105,523	-	-	101,718	2,823	952	30	-
Investment securities – AFS	21	47,774	-	-	-	-	-	47,774	-
Investment securities – HTM	21	2,423	-	-	-	-	-	2,423	-
		216,116	**5,007**	**2,520**	**154,524**	**2,886**	**952**	**50,227**	**-**
Trade and other payables	26	1,042	-	-	297	-	-	-	745
Obligations under repurchase agr.	27	1,528	-	-	1,528	-	-	-	-
Financial lease liabilities		137	-	-	24	25	55	33	-
Funds borrowed	29	75,698	-	-	42,103	12,866	19,723	1,006	-
		78,405	**-**	**-**	**43,952**	**12,891**	**19,778**	**1,039**	**745**
Interest rate gap		**137,711**	**5,007**	**2,520**	**110,572**	**(10,005)**	**(18,826)**	**49,188**	**(745)**

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Interest rate sensitivity

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant balance sheet position) is as follows:

	Profit or loss		Equity	
At 31 December 2009	100 bp parallel increase	100 bp parallel decrease	100 bp parallel increase	100 bp parallel decrease
Trading securities	(13)	13	(13)	13
Investment securities – available-for-sale	-	-	(1,620)	1,650
	(13)	**13**	**(1,633)**	**1,663**

	Profit or loss		Equity	
At 31 December 2008	100 bp parallel increase	100 bp parallel decrease	100 bp parallel increase	100 bp parallel decrease
Trading securities	(8)	8	(8)	8
Investment securities – available-for-sale	-	-	(411)	419
	(8)	**8**	**(419)**	**427**

Summary of average interest rates

As of 31 December 2009 and 31 December 2008, the summary of average interest rates for different assets and liabilities are as follows:

	31 December 2009			31 December 2008		
	Euro	USD	TL	Euro	USD	TL
Assets						
Cash and cash equivalents	0.15	0.17	6.61	1.80	0.06	14.97
Reserve deposits at Central Bank	-	-	-	-	0.15	-
Trading assets	-	-	-	-	-	16.5
Loans and advances to customers	9.11	9.05	15.65	11.37	11.96	26.35
Investment securities – AFS	-	8.5	9.63	-	8.50	16.52
Investment securities – HTM	-	8.5	-	-	8.50	-
Liabilities						
Obligations under repurchase agreements	-	-	7.25	-	-	14.84
Financial lease liabilities	3.16	-	18.3	-	-	18.30
Debt securities issued	-	-	9.87	-	-	-
Funds borrowed	5.74	4.87	-	5.87	4.81	23.17

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of audit.

Foreign currency risk

	Euro	USD	JPY	Other	Total
31 December 2009					
Cash and cash equivalents	32,890	30,304	59	210	63,463
Reserve deposits at Central Bank	-	8,395	-	-	8,395
Loans and advances to customers	34,676	92,830	-	-	127,506
Trade and other receivables	63	-	-	-	63
Investment securities – AFS	-	15,857	-	-	15,857
Investment securities – HTM	-	2,580	-	-	2,580
Other assets	7,352	75	-	-	7,427
Trade and other payables	(88)	(7)	-	-	(95)
Funds borrowed	(41,083)	(54,187)	-	-	(95,270)
Other liabilities	(43,220)	(89,038)	-	-	(132,258)
Net balance sheet position	**(9,410)**	**6,809**	**59**	**210**	**(2,332)**
Forward exchange contracts	(2,808)	1,144	-	1,434	(230)
Net position	**(12,218)**	**7,953**	**59**	**1,644**	**(2,562)**

	Euro	USD	JPY	Other	Total
31 December 2008					
Cash and cash equivalents	3,881	21,104	8	325	25,318
Reserve deposits at Central Bank	-	4,897	-	-	4,897
Loans and advances to customers	16,250	27,507	-	-	43,757
Trade and other receivables	39	-	-	-	39
Investment securities – AFS	-	7,500	-	-	7,500
Investment securities – HTM	-	2,423	-	-	2,423
Other assets	15	33	-	-	48
Trade and other payables	829	-	-	-	829
Funds borrowed	(19,587)	(53,811)	-	-	(73,398)
Other liabilities	(227)	(9,002)	(1)	(8)	(9,238)
Net balance sheet position	**1,200**	**651**	**7**	**317**	**2,175**
Forward exchange contracts	-	197	-	(1,714)	(1,517)
Net position	**1,200**	**848**	**7**	**(1,397)**	**658**

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The following major exchange rates applied during the year ended 31 December 2009 and 31 December 2008:

	Average rate		Balance sheet date	
			31 December	31 December
TL	2009	2008	2009	2008
USD	1.5499	1.2976	1.5057	1.5180
Euro	2.1521	1.8949	2.1603	2.1454

Sensitivity analysis

A 10 percent weakening of TL against the foreign currencies on 31 December 2009 and 31 December 2008 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2009	Equity	Profit or loss
Euro	(1,222)	(1,222)
USD	599	795
Other currencies	170	170
	(453)	**(257)**

31 December 2008	Equity	Profit or loss
Euro	120	120
USD	85	176
Other currencies	(139)	(139)
	66	**157**

A 10 percent strengthening of the TL against the foreign currencies on 31 December 2009 and 31 December 2008 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Bank's lead regulator, BRSA sets and monitors capital requirements for the Bank as a whole.

In implementing current capital requirements of BRSA requires the Bank to maintain an 8% ratio of total capital to total risk-weighted assets.

As of 31 December 2009, the Bank's capital adequacy ratio is 21.29% (31 December 2008 – 35.64%).

5. Use of estimates and judgements

Management decides to the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3.11.

The Bank reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans and individual loans. All loans with principal and/or interest overdue for more than 90 days are considered as impaired and individually assessed. Other evidence for impairment may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Bank. Impairment and uncollectibility are measured and recognised individually for loans and receivables.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3.11. For financial instruments that require varying degrees of judgement depending liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also “Valuation of financial instruments” below.

Critical accounting judgements in applying the Group’s accounting policies

Critical accounting judgements made in applying the Group’s accounting policies include:

Impairment of investment in equity securities

Investments in equity securities are evaluated for impairment on the basis described in accounting policy 3.11.

For an investment in an equity security, a significant or prolonged decline it its fair value below its cost is objective evidence of impairment: In this respect, the Group regards a decline in fair value in excess of 20 percent to be “significant” and a decline in a quoted market price that persists for nine months or longer to be “prolonged”.

Valuation of financial instruments

The Group’s accounting policy on fair value measurements is discussed in accounting policy 3.11.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments using valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

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Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like forwards and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

This table below analyses financial instruments measured at fair value at the end of the reporting year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

At 31 December 2009		Level 1	Level 2	Level 3	Total
Trading assets	17	874	-	-	874
Investment securities – AFS portfolio	21	122,044	-	-	122,044
		122,918	**-**	**-**	**122,918**
Trading liabilities	17	-	(52)	-	(52)
		-	**(52)**	**-**	**(52)**

At 31 December 2008		Level 1	Level 2	Level 3	Total
Trading assets	17	854	-	-	854
Investment securities – AFS portfolio	21	47,774	-	-	47,774
		48,628	**-**	**-**	**48,628**
Trading liabilities	17	-	(3)	-	(3)
		-	**(3)**	**-**	**(3)**

Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In classifying financial assets and liabilities as "trading", the Bank has determined that it meets the description of trading assets and liabilities set out in accounting policy 3.13.

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6. Financial assets and liabilities

Accounting classification and fair values

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets or valuation techniques. However, the Group expects no significant difference between the fair value and carrying value of the financial instruments below since most of the financial instruments' maturities are short-term.

The table below sets out the Group's classification of each class of financial assets and liabilities and their fair values.

	Note	Trading	Loans and receivables	Available -for-sale	Held–to-maturity	Other amortised cost	Total carrying amount	Fair value
31 December 2009								
Cash and cash equivalents	15	-	100,927	-	-	-	100,927	100,927
Reserve deposits at Central Bank	16	-	8,395	-	-	-	8,395	8,395
Trading assets	17	874	-	-	-	-	874	874
Trade and other receivables	18	-	1,366	-	-	-	1,366	1,366
Loans and advances to customers	20	-	279,180	-	-	-	279,180	279,180
Investment securities – AFS	21	-	-	122,044	-	-	122,044	122,044
Investment securities – HTM	21	-	-	-	2,580	-	2,580	2,423
		874	389,868	122,044	2,580	-	515,366	515,209
Trading liabilities	17	52	-	-	-	-	52	52
Trade and other payables	26	-	-	-	-	5,339	5,339	5,339
Obligations under rep. agr.	27	-	-	-	-	85,792	85,792	85,792
Financial lease liabilities		-	-	-	-	2,809	2,809	2,809
Debt securities issued	28	-	-	-	-	51,395	51,395	51,395
Funds borrowed	29	-	-	-	-	97,471	97,471	97,471
		52	-	-	-	242,806	242,858	242,858

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	Note	Trading	Loans and receivables	Available -for-sale	Held–to-maturity	Other amortised cost	Total carrying amount	Fair value
31 December 2008								
Cash and cash equivalents	15	-	54,499	-	-	-	54,499	54,499
Reserve deposits at Central Bank	16	-	4,897	-	-	-	4,897	4,897
Trading assets	17	854	-	-	-	-	854	854
Trade and other receivables	18	-	1,000	-	-	-	1,000	1,000
Loans and advances to customers	20	-	105,523	-	-	-	105,523	105,523
Investment securities – AFS	21	-	-	47,774	-	-	47,774	47,774
Investment securities – HTM	21	-	-	-	2,423	-	2,423	1,875
		854	**165,919**	**47,774**	**2,423**	**-**	**216,970**	**216,422**
Trading liabilities	17	3	-	-	-	-	3	3
Trade and other payables	26	-	-	-	-	1,042	1,042	1,042
Obligations under rep. agr.	27	-	-	-	-	1,528	1,528	1,528
Financial lease liabilities		-	-	-	-	137	137	137
Funds borrowed	29	-	-	-	-	75,698	75,698	75,698
		3	**-**	**-**	**-**	**78,405**	**78,408**	**78,408**

7. Acquisition of subsidiary

On 30 May 2008, the Bank's subsidiary, ÇYS acquired all of the shares in E-Kent for TL 17,000 in cash.

E-Kent is a provider of high-technology solutions and services for modern urban management. E-Kent sells, installs and operates electronic fare collection solutions and electronic payment systems, and provides consulting services for planning and efficiency of public transport services. E-Kent is an electronic fare collection operating company, and currently operates services in four provinces of Turkey. E-Kent has tailored its systems to meet the individual customer requirements of various railway networks, municipalities, public transport companies, car parks, cultural parks, zoos and museums located in major cities in Turkey.

	Note	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Property and equipment, net	23	452	-	452
Intangible assets, net	24	217	13,936	14,153
Inventories		1,504	-	1,504
Trade and other receivables		1,950	-	1,950
Other assets		3,944	-	3,944
Cash and cash equivalents		1,304	-	1,304
Deferred tax assets	14	26	(2,787)	(2,761)
Loans and borrowings		(901)	-	(901)
Trade and other payables		(1,155)	-	(1,155)
Other liabilities		(451)	-	(451)
Net identifiable assets and liabilities		6,890	11,149	18,039
Negative goodwill on acquisition				(1,039)
Consideration paid, satisfied in cash				17,000
Cash acquired				(1,304)
Net cash outflow				15,696

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values.

8. Net interest income

	31 December 2009	31 December 2008
Interest income		
Loans and advances to customers	28,822	14,576
Investment securities	7,196	1,034
Cash and cash equivalents	894	1,069
Other	222	78
Total interest income	37,134	16,757
Interest expense		
Funds borrowed	4,668	3,098
Other	3,717	248
Total interest expense	8,385	3,346
Net interest income	28,749	13,411

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9. Net fee and commission income

	31 December 2009	31 December 2008
Fee and commission income		
Financial guarantee contracts issued	4,260	2,624
Other	1,458	376
Total fee and commission income	5,718	3,000
Fee and commission expense		
Other	491	180
Total fee and commission expense	491	180
Net fee and commission income	5,227	2,820

10. Net trading income

	31 December 2009	31 December 2008
Foreign exchange gain	1,115	1,514
Fixed income	4,215	145
Total	5,330	1,659

11. Income from / (cost of) fare collection services

	31 December 2009	30 May- 31 December 2008
Sales	3,004	1,404
Commissions	7,425	4,055
Services	923	213
Gross revenues	11,352	5,672
Sales returns	(12)	(11)
Sales discounts	-	(3)
Net revenues	11,340	5,658
Cost of revenues	(4,107)	(2,471)
Gross profit	7,233	3,187

12. Personnel expenses

	31 December 2009	31 December 2008
Wages and salaries	21,213	14,516
Compulsory social security obligations	1,707	1,104
Employee termination indemnity and vacation pay liability	283	289
Other	1,885	414
Total	25,088	16,323

13. Administrative expenses

	31 December 2009	31 December 2008
Rent expenses	3,394	1,017
Accommodation expenses	2,300	-
Expenses on vehicles	1,223	902
Taxes and dues other than on income	1,070	472
Consultancy expenses	922	379
Travelling expenses	699	440
Publicity expenses	676	422
Communication expenses	675	480
Representation expenses	502	155
Software maintenance expenses	437	314
Reuters expenses	303	203
Maintenance expenses	127	312
Subscription expenses	73	375
Others	810	235
Total	13,211	5,706

14. Taxation

General information

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey.

In Turkey, effective from 1 January 2006 corporate tax rate is 20%. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts which are calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the year-end balance sheet date and taxes must be paid in one instalment by the end of the fourth month.

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As of 31 December 2009 and 31 December 2008, the current tax liability is as follows:

	31 December 2009	31 December 2008
Income tax liability	-	188
Prepaid taxes	(189)	(353)
(Prepaid taxes) / Income taxes payable	**(189)**	**(165)**

For the year ended 31 December 2009 and 31 December 2008, the income tax expense recognised in comprehensive income statement and income tax recognised directly in equity are as follows:

Recognised in income statement

	31 December 2009	31 December 2008
Current tax expense	(2,058)	(110)
Deferred tax	811	440
- Origination and reversal of temporary differences	10	285
- Tax loss carry-forwards	801	155
Total income tax	**(1,247)**	**330**

Income tax recognised directly in equity

	31 December 2009	31 December 2008
Available-for-sale investment securities		
- Deferred tax	(357)	(35)
- Current tax	(19)	-
	(376)	**(35)**

Reconciliation of effective tax rate

Reconciliation between tax expense and the accounting profit multiplied by the statutory income tax rate of the Group for the year ended 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December 2008
Profit before income tax	4,402	4,623
Income tax using the domestic corporation tax rate 20%	(880)	(925)
Non-deductible expenses	(275)	(176)
Current year losses for which no deferred tax asset was recognised	(420)	-
Tax exempt income	483	1,639
Tax losses used	(155)	-
Permanent differences	-	(208)
Total income tax in the income statement	**(1,247)**	**330**

The effective income tax rate for 2009 is 28% (2008 – (7)%).

Deferred tax

Recognised deferred tax assets and liabilities

The deferred tax included in the balance sheet and recognised in profit or loss and in equity are as follows:

	31 December 2009			31 December 2008		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Available-for-sale investment securities	104	(392)	(288)	183	-	183
Held-to-maturity investment securities	11	-	11	-	-	-
Derivative financial instruments	10	-	10	-	-	-
Tax loss carry-forwards	956	-	956	155	-	155
Retirement pay liability	14	-	14	15	-	15
Unused vacation liability	123	-	123	66	-	66
Property, equipment and intangible assets	389	(3,227)	(2,838)	-	(2,859)	(2,859)
Other	72	-	72	46	-	46
Deferred tax assets / (liabilities)	**1,679**	**(3,619)**	**(1,940)**	**465**	**(2,859)**	**(2,394)**

Reflected in the consolidated balance sheet as follows:

	31 December 2009	31 December 2008
Deferred tax assets	-	230
Deferred tax liabilities	(1,940)	(2,624)
	(1,940)	**(2,394)**

Unrecognised deferred tax assets

	31 December 2009	31 December 2008
Tax losses	420	146
	420	**146**

The tax losses relate to ÇYS and expire in 2013. Deferred tax assets have not been recognised in respect of these losses because it is not probable that future taxable profit will be available against which ÇYS can utilise the benefits there from.

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Movements in temporary differences during the year

31 December 2009	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
Available-for-sale investment securities	183	(114)	(357)	(288)
Held-to-maturity investment securities	-	11	-	11
Derivative financial instruments	-	10	-	10
Tax loss carry-forwards	155	801	-	956
Retirement pay liability	15	(1)	-	14
Unused vacation liability	66	57	-	123
Property, equipment and intangible assets	(2,859)	21	-	(2,838)
Other	46	26	-	72
	(2,394)	811	(357)	(1,940)

31 December 2008	Opening balance	Effect of acquisition of subsidiary (Note 7)	Recognised in profit or loss	Recognised in equity	Closing balance
Available-for-sale investment securities	-	-	218	(35)	183
Tax loss carry-forwards	-	-	155	-	155
Retirement pay liability	6	5	4	-	15
Unused vacation liability	10	10	46	-	66
Unearned income	12	-	(12)	-	-
Property, equipment and intangible assets	(66)	(2,815)	22	-	(2,859)
Other	-	39	7	-	46
	(38)	(2,761)	440	(35)	(2,394)

15. Cash and cash equivalents

	31 December 2009	31 December 2008
Cash and balances with Central Bank	9,862	6,440
- Cash on hand	1,545	797
- Balances with Central Bank	8,317	5,643
Placements with other banks	64,542	47,987
Other money market placements	26,505	-
Other	18	72
Total	100,927	54,499

16. Reserve deposits at Central Bank

	31 December 2009	31 December 2008
Foreign currency	8,395	4,897
	8,395	**4,897**

According to the regulations of the Central Bank of Turkish Republic (the “Central Bank”). The banks are obliged to reserve a portion of certain liability accounts as specified in the related decree. Such mandatory reserves are not available for use in the Group’s day to day operations.

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in TL and USD or EUR at the rates of 5% and 9%, respectively as per the Communiqué no. 2005/1 “Reserve Deposits” of the Central Bank of Turkey (31 December 2008 – 6% for TL and 9% for USD or EUR).

As of 31 December 2009, the interest rates applied for TL reserve deposits by the Central Bank are 5.20% for TL reserve deposits (31 December 2008 – 12.00% for TL). As of 31 December 2009 and 31 December 2008, foreign currency reserve deposits are non-interest earning.

17. Trading assets and liabilities

Trading assets

	31 December 2009	31 December 2008
Trading securities		
- Government bonds and treasury bills	874	854
Derivative assets		
- Foreign exchange	-	-
	874	**854**

Trading liabilities

	31 December 2009	31 December 2008
Derivative liabilities		
- Foreign exchange	52	3
	52	**3**

As of 31 December 2009, no trading securities are kept for legal requirements and as a guarantee for stock exchange and money market operations.

TL 874 of trading debt securities pledged under repurchase agreements as of 31 December 2009 (31 December 2008 – TL 854).

As of 31 December 2009 and 2008, all trading debt securities have fixed interest rates.

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

On the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	31 December 2009	31 December 2008
Forward foreign exchange contracts – buy	3,673	1,713
Forward foreign exchange contracts – sell	3,665	1,714
Swap foreign exchange contracts – buy	4,445	-
Swap foreign exchange contracts – sell	4,512	-

18. Trade and other receivables

	31 December 2009	31 December 2008
Receivables from customers, net	1,356	970
- Receivables from customers, gross	1,356	1,032
- Less impairment for receivables from customers	-	(62)
Cheques receivable	10	8
Other receivables	-	22
	1,366	1,000

19. Inventories

	31 December 2009	31 December 2008
Trading goods	3,295	1,288
	3,295	1,288

Trading goods consist of E-kent's inventories such as tickets and cards for electronic fare collection.

20. Loans and advances to customers

As of 31 December 2009 and 31 December 2008, all the loans and advances to customers are at amortised cost.

	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
	31 December 2009			31 December 2008		
Corporate customers:						
- Finance leases	7,274	-	7,274	349	-	349
- Other lending	273,660	(1,754)	271,906	105,624	(450)	105,174
	280,934	(1,754)	279,180	105,973	(450)	105,523

Allowance for impairment

	31 December 2009	31 December 2008
Balance on 1 January	450	310
Transfers from provision for non-cash loans to cash –loans	304	-
Impairment loss for the year		
- Charge for the year	1,018	140
- Recoveries	(18)	-
Balance at the end of the year	**1,754**	**450**

Finance lease receivables

Loans and advances to customers include the following finance lease receivables.

	31 December 2009	31 December 2008
Gross investment in finance leases, receivable:		
- Less than one year	4,328	363
- Between one and five years	3,921	30
	8,249	**393**
Unearned future income on finance leases	(975)	(44)
Net investment in finance leases	**7,274**	**349**
The net investment in finance leases comprises:		
- Less than one year	3,622	320
- Between one and five years	3,652	29
	7,274	**349**

21. Investment securities

	31 December 2009			31 December 2008
	Interest rate %	Latest maturity	Carrying amount	Carrying amount
Held-to-maturity investment securities				
- Corporate bonds	8.50	2012	2,580	2,423
Available-for-sale investment securities				
- Government bonds	9.63	2011	106,187	40,274
- Corporate bonds	8.50	2012	15,857	7,500
			124,624	**50,197**

On 13 August 2008, 3 October 2008, 14 November 2008, 19 February 2009 and 1 December 2009, the Bank purchased with a nominal value of USD 14,000,000 of corporate bonds of Çalık Holding A.Ş. which is the main shareholder of the Bank. The Bank classified USD 12,000,000 of these bonds to available-for-sale investment securities and USD 2,000,000 to held-to-maturity investment securities. The bonds have a maturity of 5 March 2012 and semi-annual coupon payments with 8.50% of interest.

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

As at 31 December 2009, TL 5,660 of investment securities is given as collateral and TL 94,719 of investment securities pledged under repurchase agreements (31 December 2008: TL 3,070 and TL 11,681).

22. Investment in associate

The Bank has 24% interest in Çalık Finansal Hizmetler A.Ş. (31 December 2008 – 24%). The following table illustrates the summarised financial information of the Bank's investment in Çalık Finansal Hizmetler A.Ş.:

	31 December 2009	31 December 2008
Share of the Group in the associate's balance sheet		
Assets	486,314	466,658
Liabilities	(466,356)	(449,116)
Net assets	19,958	17,542

The associate's profit for the year ended 31 December 2009 is TL 10,654 (31 December 2008: 6,565).

23. Property and equipment

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Motor vehicles	Other fixed assets	Total
Cost						
Balance on 1 January 2008	928	697	775	-	13	2,413
Acquisition through business combination (Note 7)	231	86	27	108	-	452
Additions	1,187	569	411	1	-	2,168
Disposals	-	(6)	-	(10)	-	(16)
Balance on 31 December 2008	2,346	1,346	1,213	99	13	5,017
Balance on 1 January 2009	2,346	1,346	1,213	99	13	5,017
Additions	9,518	1,565	1,489	-	122	12,694
Disposals	-	(1)	(30)	(17)	-	(48)
Balance on 31 December 2009	11,864	2,910	2,672	82	135	17,663
Depreciation and impairment						
Balance on 1 January 2008	701	503	605	-	11	1,820
Depreciation for the year	280	160	161	26	-	627
Disposals	-	(2)	-	-	-	(2)
Balance on 31 December 2008	981	661	766	26	11	2,445
Balance on 1 January 2009	981	661	766	26	11	2,445
Depreciation for the year	699	317	128	32	27	1,203
Disposals	-	(1)	(17)	(14)	-	(32)
Balance on 31 December 2009	1,680	977	877	44	38	3,616
Carrying amounts						
Balance on 1 January 2008	227	194	170	-	2	593
Balance on 31 December 2008	1,365	685	447	73	2	2,572
Balance on 31 December 2009	10,184	1,933	1,795	38	97	14,047

24. Intangible assets

	Software	Rights	Development costs	Total
Cost				
Balance on 1 January 2008	2,121	-	-	2,121
Acquisition through business combination (Note 7)	-	14,153	-	14,153
Additions	1,014	3,645	-	4,659
Internally developed	-	-	581	581
Disposals	(380)	-	-	(380)
Balance on 31 December 2008	**2,755**	**17,798**	**581**	**21,134**
Balance on 1 January 2009	2,755	17,798	581	21,134
Additions	3,109	437	-	3,546
Internally developed	-	-	3,967	3,967
Disposals	-	-	-	-
Balance on 31 December 2009	**5,864**	**18,235**	**4,548**	**28,647**
Amortisation				
Balance on 1 January 2008	1,750	-	-	1,750
Amortisation for the year	564	1,397	-	1,961
Disposals	(380)	-	-	(380)
Balance on 31 December 2008	**1,934**	**1,397**	**-**	**3,331**
Balance on 1 January 2009	1,934	1,397	-	3,331
Amortisation for the year	323	3,025	118	3,466
Disposals	-	-	-	-
Balance on 31 December 2009	**2,257**	**4,422**	**118**	**6,797**
Carrying amounts				
Balance on 1 January 2008	371	-	-	371
Balance on 31 December 2008	821	16,401	581	17,803
Balance on 31 December 2009	3,607	13,813	4,430	21,850

25. Other assets

	31 December 2009	31 December 2008
Deferred VAT	992	407
Advances given	853	702
Prepaid expenses	275	732
Prepaid taxes (Note 14)	189	165
Receivables from Clearing House	37	1,576
Transitory accounts	18	-
Others	177	103
	2,541	3,685

(CURRENCY - IN THOUSANDS OF TURKISH LİRA (“TL”))

26. Trade and other payables

	31 December 2009	31 December 2008
Payables to suppliers	1,854	258
Advances taken	1,731	-
Deposits and guarantees taken	832	745
Notes payable	827	-
Other liabilities	95	39
	5,339	**1,042**

27. Obligations under repurchase agreements

	31 December 2009	31 December 2008
Obligations under repurchase agreements	85,792	1,528
	85,792	**1,528**

TL 874 of trading debt securities and 94,719 of investment securities are pledged under repurchase agreements as of 31 December 2009 (31 December 2008 – TL 854 of trading debt securities and TL 11,681 of investment securities).

28. Debt securities issued

	31 December 2009	31 December 2008
Debt securities issued	51,395	-
	51,395	**-**

	31 December 2009	31 December 2008
Nominal of debt securities issued	54,556	-
Valuation difference of debt securities issued	(3,161)	-
	51,395	**-**

In 2009, the Bank issued debt securities with a maturity of 25 January-17 December 2010. The interest rate for debt securities is 9%-11%.

29 Funds borrowed

	31 December 2009	31 December 2008
Domestic banks – TL	2,201	2,437
Domestic banks – Foreign currency	33,629	25,652
Foreign banks – Foreign currency	61,641	47,609
	97,471	**75,698**

30. Provisions

	31 December2009	31 December 2008
Vacation pay liability	617	330
Employee termination benefits	72	76
Provision for non-cash loans	-	304
Other	24	23
	713	733

The movement in provision for employee termination benefits is as follows:

	31 December 2009	31 December 2008
Opening balance	76	33
Interest cost	14	31
Service cost	32	28
Payment during the year	(98)	(40)
Actuarial difference	48	24
Balance at the end of the year	72	76

Employee termination benefits

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of TL 2.37 and TL 2.18 on 31 December 2009 and 31 December 2008, respectively) per year of employment at the rate of pay applicable on the date of retirement or termination. In the financial statements as of 31 December 2009 and 31 December 2008, the Group reflected a liability calculated using the statistical method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield on government bonds on the balance sheet date.

The principal actuarial assumptions used on the balance sheet dates are as follows:

	31 December 2009	31 December 2008
Discount rate	11%	12%
Expected rates of salary/limit increases	5.92%	6.26%
Estimated rate of obtaining right for employee termination indemnity	86%	87%

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Vacation pay liability

The movement in provision for vacation pay liability is as follows:

	31 December 2009	31 December 2008
On 1 January	330	49
Effect of acquisition of subsidiary	-	52
Increase during the year	350	231
Paid	(63)	(2)
Balance at the end of the year	**617**	**330**

31. Other liabilities

	31 December 2009	31 December 2008
Customer accounts	126,402	10,589
Cash collaterals received	26,940	-
Taxes and due payable	1,523	973
Transitory accounts	949	285
Payables to Clearing House	197	1,576
Payables to compulsory government funds	156	85
Other	2,186	376
	158,353	**13,884**

The Bank is not entitled to collect deposits. Current accounts represent the current balances of loan customers.

32. Capital and reserves

	31 December 2009	31 December 2008
Number of common shares, TL 1,000 (in full TL), par value (Authorised and issued)	155,040	114,000

Share capital and share premium

As of 31 December 2009 and 31 December 2008, the composition of shareholders and their respective percentage of ownership are summarised as follows:

	31 December 2009		31 December 2008	
	Amount	%	Amount	%
Çalık Holding A.Ş.	152,728	98.51	112,300	98.51
GAP Güneydoğu Tekstil San. ve Tic. A.Ş.	1,224	0.78	900	0.78
Ahmet Çalık	544	0.35	400	0.35
Başak Enerji Elektrik Üretim San. ve Tic. A.Ş.	272	0.18	-	-
Irmak Enerji Elektrik Üretim Madencilik San. ve Tic. A.Ş.	272	0.18	-	-
Mahmut Çalık	-	-	200	0.18
Ali Akbulut	-	-	200	0.18
Total paid-in-capital	155,040	100.00	114,000	100.00
Restatement effect	5,448		24,663	
Total share capital	160,488		138,663	

On 2 July 2009, the Bank's share capital increased from TL 114,000 to TL 155,040. TL 19,215 of the increase was transferred from restatement effect on share capital and TL 21,825 of the increase was transferred from retained earnings.

Reserves

Fair value reserve

This reserve includes the cumulative net change in the fair value of available-for-sale investment securities until the investment is derecognised or impaired.

Other reserves

Other reserves consist of legal reserves. The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

33. Related parties

Parent and ultimate controlling party

The Bank is controlled by Çalık Holding A.Ş. which owns 98.51% of ordinary shares (31 December 2008 – 98.51%).

(CURRENCY - IN THOUSANDS OF TURKISH LİRA ("TL"))

Compensation of key management personnel of the Bank

Total salaries and other benefits paid to the Board of Members and top management during the year is TL 5,001 (31 December 2008: TL 3,901).

Balances with related parties

	31 December 2009	31 December 2008
Loans and advances to customers	168,263	6,282
Other liabilities (Customer accounts)	6,239	1,310

In addition to balances with related parties above, the Group has corporate bonds issued by Çalık Holding A.Ş. amounting to USD 14,000,000 of nominal value. The Group has reclassified USD 12,000,000 of these bonds to available-for-sale investment securities and USD 2,000,000 to held-to-maturity investment securities. As of 31 December 2009, the carrying value of available-for-sale investment securities and held-to-maturity investment securities are TL 15,857 and TL 2,580, respectively.

Off balance sheet balances with related parties

	31 December 2009	31 December 2008
Non-cash loans	266,203	164,777

Transactions with related parties

	31 December 2009	31 December 2008
Interest income on loans	15,039	4,418
Rent expenses	3,312	625
Accommodation expenses	2,300	-
Fee and commission income	1,511	832

34. Commitments and contingencies

	31 December 2009	31 December 2008
Letters of guarantee	373,221	265,008
Letters of credit	52,423	72,617
Other guarantees	68,260	12,979
	493,904	**350,604**

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