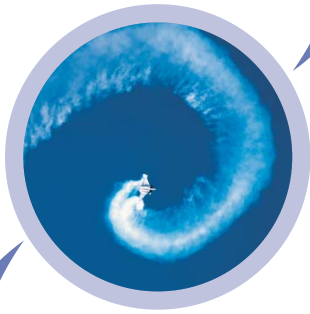
Eurobank Tekfen


ANNUAL REPORT 2009

A Member of Eurobank EFG Group

Eurobank Tekfen

Annual Report 2009

The business philosophy of Eurobank Tekfen observes sustainable growth and attaches equal importance to risk/return balance as it does to profitability and as such, enables the Bank to provide uninterrupted service to its customers under any market condition.

Table of Contents

1. General Information

Corporate Profile

Corporate Profile

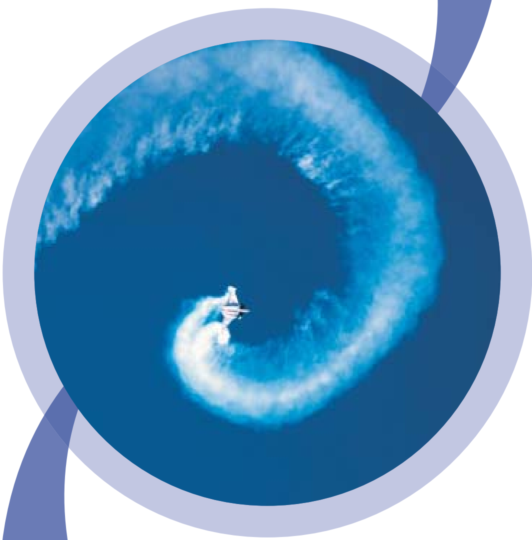
Eurobank Tekfen is active in corporate and commercial banking, retail banking (with a focus on both small-business and personal banking), factoring and through its subsidiaries in leasing and investment banking, providing high added value banking products and services.

Having identified its corporate priorities as transformation, motivation, and open communication, Eurobank Tekfen seeks to achieve sustainable productivity and profitability under all market conditions through customer-focused service quality in the conduct of all of its activities.

A member of Eurobank EFG Group, Eurobank Tekfen is a solution partner that is highly recognized for its credibility in international markets while its strong growth potential also makes it an influential player in its own national market.

Eurobank Tekfen's TL 380 million in paid-in capital provides it with the robust financial structure that is needed to support current and future growth.

Employing a team of 743 talented people, Eurobank Tekfen delivers its high quality products and services to customers through its headquarters and 42 branches as well as through its online banking applications.



Summary
Financial Information

Summary Financial Information

	31.12.2009 (*)	31.12.2008 (*)	%
Total Assets	3,856,978	3,481,107	10.8%
Cash Loans and Factoring Receivables	1,347,057	1,112,700	21.1%
Marketable Securities	1,553,736	1,775,952	-12.5%
Deposits	1,851,581	1,795,524	3.1%
Funds borrowed and money market borrowings	1,457,945	1.,308,596	11.4%
Shareholders' Equity	441,650	272,563	62.0%
Non-cash loans	1,115,332	1,177,325	-5.3%
Net Income	21,965	12,367	77.6%
Capital Adequacy Ratio	25.99%	17.89%	45.3%

(*)Thousand TL based on unconsolidated financial statements

Historical Development and Shareholding Structure

BANK'S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE:

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorised to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. ("Bank Ekspres") was established with the permission of the Council of Ministers in decision No. 91/2316 on 22 September 1991; "The Decree of Establishment Permission" was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund ("SDIF") took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2,983,800,000 shares with a nominal value of Kr1 each and which amount to 99.46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57.69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank's name was changed to Tekfenbank Anonim Şirketi (the "Bank"), which had two main shareholders: Tekfen Holding A.Ş. with 57.30% and TST International S.A. with 40.62%.

EFG Eurobank Ergasias S.A. ("Eurobank EFG") and Tekfen Holding A.Ş. ("Tekfen Group") signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group's 70% share in Tekfenbank and Tekfen Leasing which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. On 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. ("Eurobank EFG Holding") was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

According to the decision taken in the Extraordinary General Assembly Meeting held on 5 December 2007 the name of Tekfenbank A.Ş. was changed to Eurobank Tekfen A.Ş.("The Bank") and registered to Turkish Trade Registry on 11 January 2008.

There have not been any changes in the Bank's articles of association during 2009.

THE BANK'S SHAREHOLDING STRUCTURE, CHANGES IN THE CAPITAL AND SHAREHOLDING STRUCTURE DURING THE REPORTING PERIOD, TITLES AND STAKEHOLDING OF REAL PERSONS OR LEGAL ENTITIES WITH QUALIFIED SHARES

In the Bank's extraordinary General Assembly meeting held on 25 December 2008, it has been decided to increase the Bank's paid-in share capital to TL 380,000 by increasing TL 125,000 in cash and TL 25,000 from reserves. Following BRSA approval, the paid-in capital has increased to TL 380,000 in the Bank's 30 June 2009 financial statements. The Bank's shareholding structure is presented below.

	31 December 2009		31 December 2008	
Company Name	Amount of Share (TL thousand)	Shareholding %	Amount of Share (TL thousand)	Shareholding %
Eurobank EFG Holding (Luxembourg) S.A.	266,000	70.00%	161,000	70.00%
Tekfen Holding A.Ş.	111,126	29.24%	67,002	29.13%
Other	2,874	0.76%	1,998	0.87%
Total	**380,000**	**100.00%**	**230,000**	**100.00%**

SHARES, IF ANY, HELD IN THE BANK BY THE CHAIRMAN OF THE BOARD OF DIRECTORS, BOARD DIRECTORS, THE PRESIDENT AND VICE PRESIDENTS

The chairman and the members of the board of directors the General Manager and executive vice presidents do not hold any shares in the Bank.

Letter from the Chairman

Chairman's Assessment of the year and expectations about the future

The global economy has embarked upon a process of gradual improvement

Economic indicators as of the end of the third quarter of 2009 strengthened the likelihood that the worst global crisis experienced since the Great Depression would be over by the end of the year. For the most part, 2009 was a year in which attentions were focused on the results of the fiscal and monetary measures that had been taken. In response to those measures, economic activity began to recover while the global economic outlook embarked upon a process of gradual improvement.

Because of the climate of uncertainty and the mixed signals coming from different national economies, the International Monetary Fund (IMF) changed its global economic growth projections repeatedly. In its Report published on October, the IMF updated its estimates for both 2009 and 2010 positively, stating that the net contraction in the global economy in 2009 was on the order of 1.1% and that a growth rate of 3.1% could be expected in 2010.

Even though doubts persisted as to the speed and strength of the recovery in the process of emerging from the crisis, a consensus of opinion exists on the need of a "soft and gradual" transition in the termination of any governmental incentives and/or measures. In view of this, it is likely that developed countries' monetary authorities will continue to keep interest rates low for some time to come.

Developments in the Turkish economy followed a rather similar course during this period. In the wake of a record-breaking (14.3%) contraction in GDP in the first quarter of the year, the rate of shrinkage began to slow down in the second and third quarters with the result that the net decline in the first nine months of the year was 8.4%. The contraction from which the real sector suffered and the significant unemployment rate by 14% that this engendered has an adverse impact on the speed of the recovery.

In view of fourth-quarter rises both in the industrial output index and in the capacity utilization rates associated with it and with the aid of the low reference points that existed at the beginning of the year, it is thought that growth rates will turn positive again in 2010.

Growth in Turkey will be driven as much by movements external demand as by improvements in domestic demand. Such growth will be contingent upon recovery and resumption in demand in the national economies that make up our own country's traditional export market and/or on the ability of our exporters to make up for depressed demand by moving into new markets. Forecasts that economic growth in Europe, which is the biggest market for Turkey's exports, will resume later than elsewhere in the world imply that the external demand component of total demand will come later rather than sooner.

The banking system has an essential role in overcoming the crisis

The tremendous and crucial role that the financial sector plays in a national economy is a reality that we have always emphasized. In times of crisis however, this fact emerges to the fore with even greater importance. It is at such times that the financial sector must be especially diligent about fulfilling its duties as a driving force and powerhouse of economic activity.

Countries whose banking systems are sound will be the ones that emerge and recover from the economic crisis faster. Turkey is one of those countries. A strong national currency, plentiful liquidity, increased demand for credit on the part of banks, and similar domestic market dynamics strengthen positive expectations. Nevertheless despite the observed renewed activity in the appetite for credit, that demand is still inadequate. In a market experiencing sharp price competition, the signals we are receiving indicate that it will not be so easy to achieve the same profitability figures in the period ahead as we did in 2009.

The profitability that the sector experienced in 2009 was rooted in several underlying causes. One of these is the ongoing maturity mismatch between assets and liabilities. Our sector has to fund long-term assets by means of shorter-term liabilities. As the cost of those liabilities declined, profits soared. Secondly, it was quite obvious during the entire year that policy interest rates–which is to say the cost of liabilities–would remain depressed. With the comfort of that knowledge it was easier to take positions and exploit their potential and that also boosted profits. Arguably what contributed the most to profitability in 2009 however is the fact that the position at which the Turkish banking industry had arrived after the harrowing 2001 crisis made it better prepared for the recent global crisis than was any other sector. The role of decision-making and regulatory authorities in preserving the soundness of the sector's structure during the crisis is undeniable. Both the Banking Regulation and Supervision Agency (BRSA) and The Central Bank (CBRT) took exemplary action to stave off potential impairments that might be witnessed in resource structures and liquidity.

Compelled by BRSA regulations and practices since the 2001 crisis, the sector's players have had to do "real" banking while maintaining healthy structures as measured by strong capital bases and capital adequacy ratios. The approach essentially eliminated from field those players who ought not to have been on it.

Among the Central Banks all around the world, CBRT ranks as the leader in terms of the interest rate cuts that it has made over the last year. The bank's steadfastness on the matter of policy interest rates was an important plus for the sector in the current crisis environment.

At the same time, BRSA decisions that eased the way through this difficult period also provided banks with room in which to maneuver so as to hold within tolerable limits the pressure being exerted by any impairment in the quality of their lendings to the real sector. Although the industry's non-performing loans doubled, banks substantially restructured their loans or sold non-performing loans to asset management companies.

Eurobank Tekfen maintained a sound stance during the crisis

Eurobank Tekfen continued to carry out its transformation and restructuring during the crisis and it has now completed the first phase of its medium-term business plan. The crisis brought no changes in our Bank's strategic direction: indeed, the results that we achieved in terms of business volumes and profitability during this volatile period increased our confidence in the ultimate success of our business plan.

Thanks to our prudent strategy, Eurobank Tekfen's balance sheet continued to grow in 2009 and there were increases in both deposit and lending volumes. Eurobank Tekfen did not suspend lending activities in the face of crisis conditions but instead increased the volume of its lending while making use of more effective risk management and more precisely targeted pricing.

With a portfolio dominated by corporate and commercial credits, Eurobank Tekfen ranked as one of the highest in the sector from the standpoint of lending growth and among the top ten banks in terms of bond and bills transaction volumes and also leasing transaction volumes.

Eurobank Tekfen adhered to its customer-focused effective service approach in line with its new strategic plan through a new and more dynamic structure. Infrastructure work was substantially brought to completion in 2009. In this context, our corporate banking operations have been fully centralized; infrastructure and organization activities have been completed in line with our decision to move into retail banking; and work continued on improving the Bank's technology base and giving it an advanced core banking system. That last project is now scheduled for completion during the second half of 2010. Naturally we are also continuing with human resources investments in order to support all of these efforts.

In 2009, Eurobank Tekfen strengthened its capital structure by means of a cash injection and by converting another portion of the perpetual loan received from Eurobank EFG to subordinated debt. These developments are evidences both of the strength of our shareholders and of the confidence that they have in Turkey and in our Bank and its business plan. Our Bank's capital adequacy ratio is high enough so as not to require any capital injections in 2010.

We are fully aware of Turkey's great potential and design all of our growth and development plans accordingly

2010 will be the first year of what is likely to be a rather prolonged renewal. While continuing to supply high-quality service to a broader audience in its existing business lines, Eurobank Tekfen will be seeking to reinforce the strong venture that it has already made into retail banking under its new business plan by moving into a number of hitherto untouched business lines and to further heighten its visibility by means of a variety of products and services.

As it continues to reflect its customer-focused service approach in the implementation of its new strategy and business plan through fast and effective processes, we may expect to see substantial growth in Eurobank Tekfen's customer numbers and lending volumes paralleling increases in its customers' satisfaction.

With the confidence coming from the sustained and growing support of its stakeholders, Eurobank Tekfen is focused on a strong future. Our plan to become a bank with 200 branches within the next five years has the support of our shareholders. That success, bolstered by our new business plan, will make an increasingly greater contribution to the Group's overall success.

We view the future with confidence

The solid growth that Eurobank Tekfen registered and the support that it gave to production during the global crisis has enhanced the Bank's visibility, reputation, and esteem among its target groups. Our Bank regards its strong corporate values, the importance that it gives to people, and its commitment to ethical conduct as the keys to its own sustainability.

Eurobank Tekfen has all the elements that it needs to be a profitable and productive bank: solid knowledge and experience and a disciplined approach to work, high quality human resources, and effective strategies. By combining these, the Bank positions itself as an institution that functions perfectly and creates value. That in turn further motivates us to achieve our objectives.

In closing I thank our dedicated team and all our customers for their continued confidence in and loyalty to Eurobank Tekfen because they are the real architects of our performance. With our steadily stronger team, in 2010 we shall be authoring still greater successes such as Eurobank Tekfen is truly worthy of.

Mehmet N. Erten
Chairman of the Board of Directors

Letter from the General Manager

General Manager's assessment of the year and expectations about the future

Esteemed shareholders, customers, colleagues, and national and international business partners:

2009 will be remembered as a year in which attempts were made to correct the economic balances that had been upset during the previous year.

The beneficial results of the coordinated fiscal and monetary measures that governments implemented in 2009 were reflected in financial indicators in the third quarter of the year. Despite the positive signals received with the end of recession in the USA and Japan, the lingering effects of the crisis in the Eurozone is still apparent. The prevailing view is that Asian economies will be the engines of further growth in the period ahead. Questions–such as at what point low interest rate policies will be abandoned or whether or not economies (especially their real sectors) will be able to tolerate the effects of the normalization process if central banks' signals that the crisis is over result in premature practices–make it clear how difficult the next step is going to be.

Looking at matters from Turkey's standpoint, one may say that the contraction in the economy appears to have bottomed out and that we have embarked upon the process of emerging from the crisis. Nevertheless the recovery process is likely to vary from sector to sector. In some sectors–such as automotives–growth was fueled by crisis-driven measures that stimulated earlier-than-usual consumption and in their case, the post-crisis period could be witness to a slump in demand. Other sectors–such as tourism–which harbor considerable pent-up demand on the other hand are likely to experience strong growth.

In its most recent inflation report, the Turkish Central Bank increased its inflation expectation while also emphasizing that the bank would not hesitate to take whatever measures might be necessary to achieve price stability. Such statements inspire doubts about the ability of interest rates to remain low or even constant in 2010.

The building blocks of our growth in 2009

Confronted by conditions of severe economic crisis at a time when it was undergoing both restructuring and growth, Eurobank Tekfen succeeded in transforming such difficulties into advantages for itself through the effects created by its correct strategies, strong capitalization, and structural changes.

- In 2009 Eurobank Tekfen numbered among the institutions that increased the volume of their lending the most. During a year in which Turkey's GNP was in a general decline, the banking sector started to experience a resumption of growth in lending volumes in the last quarter. Our Bank displayed steady growth and it increased its loans in every quarter during the year. This successful growth performance is evidence that the uninterrupted support that Eurobank Tekfen gives to the real sector continued without interruption no matter what the economic situation might be.

- With the support of the same economic situation, 2009 turned out to be an extremely favorable year from the standpoint of profitability. However our approach to effective cost management had as great an impact on our profitability as did our growth.

- Despite this effective management of costs however, Eurobank Tekfen made no cutbacks in either the human resources or the technology investments that are essential to it as a growing bank. As one of the few banks in the sector that continued to hire during 2009, Eurobank Tekfen significantly built up its team.

- Parallel to the banking sector in general, during Eurobank Tekfen' s non-performing loans ratio increased the first nine months of the year. The ratio began to decline on a relative basis in the last quarter of the year as loan restructurings and regular repayments got under way thanks to effective risk management.

- Eurobank Tekfen continued to grow in the upper echelons of the real-sector corporate and commercial banking segment, which it achieved by acquiring new customers. There was significant acceleration in the acquisition of new firms in the real sector while relationships with existing customers were further deepened.

- There was greater effectiveness in asset/liability management while our Bank's ranking continued to rise in terms total assets.

- In treasury operations, the product line was expanded with the addition of still more discerning products. There was a significant increase both in the number of customers actively involved in treasury dealings and in total transaction volumes. Although our Bank is not one of the twelve primary dealers, it nevertheless ranks 6th in terms of outright purchases and sales transaction volume in the İstanbul Stock Exchange bonds and bills market, where it also ranks 10th in when off-exchange transaction volumes are included with a market share of 3.7%.

- In the leasing business, which is conducted through our EFG Finansal Kiralama subsidiary, we had a productive and profitable year during which the firm rose to 9th place with a 3.3% market share in the volume of newly-created business.

No reduction in our financial strength

At a time when solid capitalization was more crucially important than ever, Eurobank Tekfen undertook a share capital increase that not only made a substantial contribution to the robustness of its capital strength but also supplied it with significant resources with which to support the Bank's rapid growth strategy. Our Bank's paid-in capital has reached TL 380 million as a result of a TL 150 million increase, of which TL 125 million was a cash injection and TL 25 million was funded from internal sources. In addition, another TL 89.1 million of the TL 912 million perpetual loan obtained from Eurobank EFG in 2007 was converted to subordinated debt, bringing the total of such debt to TL 173.9 million. In line with this, our capital adequacy ratio has risen to 26%. As of end-2009, our Bank's shareholders' equity stood at TL 442 million.

As of 31 December 2009 our total assets stood at TL 3,857 million. During the year, Eurobank Tekfen continued to support its customers without interruption and its cash loans rose by 21% to TL 1,347 million while the Bank's total deposits also increased 3% and reached TL 1,852 million.

Eurobank Tekfen increased its net profit by 77.6% to TL 21,965 thousand in 2009.

Our consolidated profit was TL 36,927 thousand.

Our move into the retail banking business line

Taking into account the relatively low average age of the population, low market penetration rates and low level of household indebtedness (compared with EU norms), together with substantial cross-sale opportunities and strong growth potential in deposits, Eurobank Tekfen has decided to move into retail banking as a way of investing in the future while also continuing to pursue its services in the corporate and commercial banking business lines.

Our Bank sees retail banking as an area in which it can achieve significant growth. Having completed the requisite organizational and operational infrastructure, we made ourselves ready to do business in this segment as of the last quarter of 2009.

Our approach in retail banking consists of meeting the investment needs of high-income individuals by providing them with deposit and investment products as well as with products and services such as loans and credit cards while also standing by entrepreneurs and small businesses and growing along with them.

Eurobank Tekfen also plans to add new retail banking branches to its current branch network in 19 cities in order to supply the products and services that it offers in the most effective and comprehensive way possible.

Our Bank's goal in 2010 is to offer new products in a variety of areas and, in particular, to play an active role in the mutual funds market. In line with this, we have initiated activities aimed at supplying funds of different portfolio management companies to our customers.

In the credit card business line, we have signed an agreement with Garanti Bank to make use of the Bonus brand in order to achieve more effective cost management as well as to take advantage of strong brand synergies. Starting with the second half of 2010, we target to issue our credit card with Bonus logo. The collaboration with Garanti Bank will also include POS services.

Our core banking system is being renewed

The project to renew our core banking system that was initiated to support our Bank's growth targets continued at an accelerated pace once system selection had been finalized. We are currently moving forward as planned and on schedule. The new system should come on stream in July 2010 in the absence of any otherwise unforeseen circumstances.

Our goals are clear and the way before us is open

In keeping with its philosophy of customer-focused operations backed by a robust capital structure, superior management, competent human resources, and innovative technology, Eurobank Tekfen is committed to the creation of value for all its stakeholders while growing its own brand.

Under the difficult conditions of 2009, Eurobank Tekfen adopted and adhered to a strategy of being more active and more effective than other participants in its sector with the result that in 2010 it now stands ready with a team and infrastructure capable of moving with much greater agility in taking a more proactive approach and responding more rapidly to its customers' needs.

The effects of our Bank's structural changes and new business plan began to make themselves felt in its results in 2009. In 2010 these will gain perceptibly greater momentum. In closing, I extend my thanks to all our employees and customers with the hope and expectation that we will continue to enjoy these successes together.

Mehmet G. Sönmez
Member of the Board of Directors and General Manager

An Assessment of 2009 and Outlook for 2010

An Assessment of 2009 and Outlook for 2010

Eurobank Tekfen in 2009

- 2009 was a year in which the effects of the global economic crisis were widely felt and markets languished. For Eurobank Tekfen it was a year of general restructuring and preparation for an imminent period of vigorous growth.

- While the banking sector's overall loan volume grew about 7% in 2009, the rate of increase at Eurobank Tekfen was 21%. The Bank continued to support the real sector and it registered successful results by gaining new customers while also deepening its relationships with existing ones.

- Having centralized its credit management and operations within the framework of its customer-focused organization and in line with its new business plan, Eurobank Tekfen completed preparations to enter retail banking and it is now serving customers in this business line as well.

- The Bank ranks 6th in terms of outright purchases and sales transaction volume in the İstanbul Stock Exchange bonds and bills market, where it also ranks 10th in overall bonds and bills trading volume including off-exchange transactions with a market share of 3.7%.

- Eurobank Tekfen possesses a capital base that is fully capable of supporting its rapid investment and growth strategy. The Bank's solid 26% capital adequacy ratio is high enough so as not to require any additions to its capitalization in 2010.

Eurobank Tekfen increased both its market visibility and its market effectiveness in 2009. With its robust capitalization, investments in technology and human resources, effective risk management, superior cost management, and dynamic and rapid decision-making and implementation abilities, Eurobank Tekfen has everything that it needs to be a productive and profitable bank while maintaining the highest standards of quality.

2010 will be the first year of the bank's medium-term development program. There have been no changes in Eurobank Tekfen's strategy in the post-crisis environment. The Bank's actions are guided by a perspective of having a network of 200 branches and moving into new business lines over the next five years.

We grew faster than the sector, registering a 21% year-on rise in cash loans.

With depressed economic activity in 2009 reducing both firms' and banks' appetites for credit, Eurobank Tekfen chose to continue lending by being more discriminating in its credit decisions and by paying even greater attention to tight risk management.

As a result of this approach, Eurobank Tekfen stood by its customers even during the worst days of the crisis and it demonstrated that it was a trusted business partner by responding to the real sector's needs for credit to the extent that its own means and resources allowed. As a result of this growth-focused strategy, the Bank's cash loans increased 21.1% in 2009 and reached TL 1,347 million.

Although contractions were witnessed to different degrees in most sectors in 2009, there was renewed activity in some, particularly in textiles and in iron & steel, as production resumed in order to replenish stocks that had been run down during the first half of the year. Rediscovered vigor in manufacturing, which accounts for a 45% share of Eurobank Tekfen's loan book, made it possible for the Bank to support the sector even more.

Developments in tourism and construction, two other sectors that account for a significant share of the Bank's loan portfolio, were closely monitored during the year, thus ensuring that essential placements were made. Turkey's tourism industry suffered relatively less from the crisis than was the case in other Mediterranean destination countries. Eurobank Tekfen continued to support firms in the sector by meeting their needs for investment project financing and working capital. Plummeting interest rates in the last quarter of the year spurred a recovery in the demand for home financing, which in turn triggered a modest amount of activity among both construction firms and their suppliers. Eurobank Tekfen also did what it could to support this trend as well.

Managing risk under crisis conditions

As the process of economic crisis unfolded, Eurobank Tekfen took pains to be particularly more perceptive and prudent in its attitudes towards risk management. In the wake of project team activities aimed at reducing the adverse impact of the crisis on the real sector, credit and loans totaling 44 million Euros were successfully restructured within the framework of legally prescribed conditions.

The Bank undertook infrastructure investments in sophisticated internal rating systems with the aims of supporting its credit decision processes and of keeping better track of its credit risk exposure through automation.

Paralleling the repayment difficulties that real sector firms were having as a result of the economic crisis, Eurobank Tekfen also experienced a rise in the volume of its non-performing loans, as did other banks. The ratio of non-performing loans to the Bank's total cash and non-cash loans reached 7.5%. Through more effective risk management and loan restructurings and thanks also to the economic recovery that began to take shape towards the end of 2009, the Bank managed to stem the rise in non-performing loans to a significant degree. The ensuing resumption in regular collections is evidence that this improvement remains strong.

We use technology in the most effective way possible to increase productivity

In order to respond faster to customers' needs, the level of automation in the Bank's financial analysis and credit allocation processes was increased by transferring them to an electronic platform. In addition to adding speed to the credit allocation process, this move also ensures that the process is more secure, more quantifiable, more verifiable, and more transparent. Eurobank Tekfen's integration with Credit Bureau of Turkey (KKB) was developed during 2009. The Bank plans to become a Corporate Bureau member of KKB and to further strengthen its relations with that agency in 2010.

Recognizing that quantifiability is a fundamental criterion of success, the Bank has created a multidimensional measurement system that is capable both of determining productivity and profitability and of monitoring added value according to such specific categories as channel, branch, customer representative, customer, and product. This system provides the underlying infrastructure on which customer analyses may be performed, customer loyalty programs may be devised, decision-making mechanisms may be made faster and more reliable, and the Bank's competitive edge may be enhanced.

By ensuring that investments in technology and improvements in processes have as immediate an impact as possible through new product and service marketing activities, Eurobank Tekfen will be in a position to respond more quickly to customer needs and in this way to increase its sales productivity.

Putting the customer at the apex

Eurobank Tekfen has introduced changes in its organization in line with a business model that has been redesigned to reflect the Bank's new and more customer-focused structure. The goals of this new business model and organizational structure are to make it possible for the Bank to pursue a course of uninterrupted growth, to increase the numbers of its customers in different segments while establishing sustainable relationships with them, to expand its business volumes, and to broaden its deposit base.

In keeping with this new structure, corporate customers are being served by the Corporate Banking Center at Eurobank Tekfen's headquarters. At the same time, customers in the commercial segment will continue to be served through branches reporting to regional departments that have been set up within the framework of the branch service model.

In the new organizational structure, it is always the customer who stands at the apex. By dealing directly with an expert in line with his particular needs, the customer gets a response that is not just faster but also superior because it is more precise. All the parts of this structure–headquarters units, branches, and other channels–operate as the components of a huge service platform whose aim is to serve the customer.

Through this initiative Eurobank Tekfen seeks not only to achieve a multidimensional and comprehensive service capability but also to gain a significant competitive advantage. By seamlessly linking services such as credit, investment, and cash management to one another, the bank can ensure that they will be delivered faster and more effectively which will, in turn, be crucial to further deepening customer relations and to generating customer loyalty.

A preferred choice in private banking too

Eurobank Tekfen is expanding both its transaction volumes and its customer base in the business of private banking by means of customer-focused "individualized" investment alternatives that it offers with an approach of making it possible for its customers to keep pace with rapidly changing economic conditions in line with their particular financial expectations and risk profiles.

Confronted by a huge reduction in investors' appetite for risk in the highly volatile crisis environment of 2009, Eurobank Tekfen effectively mobilized all of its knowledge and experience, its solid research capabilities, and its customer awareness with the result that it became a preferred choice of those who invest in capital markets and treasury transactions.

Seeking to further enrich its private banking product lineup with structured treasury products and diversified mutual funds, in 2010 Eurobank Tekfen will be offering its customers shares in mutual funds operated by other portfolio management companies as well as in those managed by its own subsidiary, EFG İstanbul Securities.

A respected name in the international arena

Eurobank Tekfen works closely with a strong and extensive network of more than 500 correspondents located in 87 countries.

With Turkey's leading multinational and national concerns in its customer portfolio, Eurobank Tekfen creates value both for its customers and for the national economy through the support that it gives to foreign trade finance.

In 2009, the Bank has continued to provide trade finance services to its customers according to their requirements.

In 2009, Eurobank Tekfen avalized a total of EUR 157 million foreign working capital loans of its clients. During the same period the Bank also mediated EUR 774 million foreign trade volume.

In 2009 Eurobank Tekfen drew down the first two tranches (worth a total of EUR 50 million) of the eight-year EUR 100 million line of credit that it had secured from the European Investment Bank in order to finance the investments of small and medium-sized enterprises. The Bank has begun lending this to its customers.

There were no changes in the D- financial strength rating assigned to Eurobank Tekfen by Moody's.

Strongly positioned for a future in retail banking

Eurobank Tekfen regards retail banking as an important avenue of future growth in line with its new business model.

Eurobank Tekfen has identified its target audiences in retail banking as small to micro-level enterprises and upper-income group individuals. The Bank has defined its primary goal in retail banking as "meeting the investment needs of upper-income group individuals by supplying such customers with deposit and investment products and standing beside entrepreneurs and small businesses while growing along with them."

In 2009, Eurobank Tekfen completed the organizational changes and infrastructure required to move into this new business line:

- A business model was defined; products, services, and business processes were designed.

- Headquarters units and teams were created and given the responsibility of carrying out customer relations, marketing and business development, and credit-related activities.

- Sales teams were set up and the retail banking regional organization neared completion. A Retail Banking Branch Sales Team was created consisting of small business banking and retail banking personnel.

- 23 branches were transformed into combo branches providing retail banking products and services while also continuing to serve corporate and commercial customers. We plan to increase the number of such branches to 30 before end-2010.

- We have begun encouraging increased use of alternative delivery channels. Work is in progress on setting up a call center.

The objective in retail banking is to achieve an innovative structure which makes productive use of technology and which is reinforced by means of sectoral collaborations. To this end, an agreement has been signed with Garanti Bank concerning the use of their Bonus logo. Eurobank Tekfen will start issuing Bonus credit cards in the second half of 2010. We plan to expand the initiative begun with the Bonus credit card with the addition of POS network services.

Efforts are being made to make Eurobank Tekfen more active in the business of cash management as the main bank that companies and organizations employ in their collection and payment processes. Increasingly more emphasis is to be placed on cash management products as a way of expanding our customer portfolio and of further deepening customer relationships. Following the introduction of Social Security payments, agreements were signed in 2009 for the Bank to handle government pension payments made to retired civil servants and to retired self-employed artisans and professionals.

Eurobank Tekfen has become a shareholder in Credit Guarantee Fund, an agency set up to provide credit to small and medium-sized enterprises. It is now one of the banks that is authorized to extend loans that are backed by Credit Guarantee Fund guarantees.

In keeping with the new business model that it has put into effect, Eurobank Tekfen intends to continue pursuing growth by reaching out to still more small businesses in the period ahead.

Eurobank Tekfen already enjoys a high level of visibility among real-sector upper-income groups. The Bank's five-year development plan calls for increasing this awareness by establishing a greater presence in the small business banking and the affluent banking market segments.

Homing in on treasury transaction and effectiveness targets

As part of its overall reorganization, Eurobank Tekfen has restructured its Treasury and Capital Markets Group with an approach that is focused on fast and effective service.

In this context, treasury sales competencies have been augmented by means of a structure which deals directly with the customer and which seeks to respond to all of customers' financial needs and service requirements. In addition to spot transactions, the product lineup has been expanded with the addition of derivatives and structured deals.

The Eurobank Tekfen Treasury Unit's organization focuses on three specialized services:

- Assets & Liabilities Management, which is responsible for managing the Bank's balance sheet

- Capital Markets, which handles all trading in all markets

- Treasury Sales, which responds to customers' particular financial needs.

This organizational structure significantly increased treasury dealing effectiveness in 2009 as is evidenced by the following results:

- USD 17.3 billion worth of transactions were handled in FX markets.

- Bonds and bills market transactions reached TL 45.7 billion. Eurobank Tekfen ranked 6th in terms of outright purchases and sales transaction volume in the İstanbul Stock Exchange bonds and bills market, where it also ranks 10th in overall bonds and bills trading including off-exchange transactions with a market share of 3.7%.

- The Bank's profitability on trading transactions increased about 5.5 fold.

- There was a marked year-on-year rise in the Bank's treasury income in 2009.

These successes are the outcome of the Bank's new structure and of the noteworthy increase achieved in the number of customers who deal directly with Treasury.

At a time when liquidity has gained great importance in asset & liability management, considerable success was achieved in deposit and credit pricing policy. Greater customer loyalty and confidence also contributed substantially to the growth in the Bank's deposit base.

The fundamental objective of the Operations Group is to minimize exposure to operational risks while increasing customer satisfaction and productivity.

In 2009, the Operations Group undertook projects and activities aimed at minimizing the Bank's exposure to operational risks while increasing customer satisfaction and productivity. Under the new organizational structure, services were centralized while improvements were planned and carried out in the technological infrastructure. Activities were conducted in parallel with Eurobank EFG and sector practices while a close watch was kept on changes in legal frameworks and on technological developments.

The activities of the Operations Group in 2009 are summarized below:

- The centralization process that began in 2008 with Foreign Trade and Credit Operations continued with the centralization of TL Operations.

- Work processes in the units of various groups were studied, improvements and optimizations were carried out.

- As of January 2009, all of the Bank's documents and process flowcharts were being managed centrally. Work was undertaken to improve process efficiency.

- A Procurement and Cost Management Department was set up and given the responsibility for the conduct of all procurements. Cost monitoring methods were developed.

- An Employee Suggestion System was set up in June 2009 that makes it possible for all personnel to take part in the Bank's improvement and productivity activities.

- Infrastructure was made ready for the formation of a bank-wide talent pool beginning with the recruitment of personnel with qualifications suitable for duties in both headquarters and branch operations.

- A Customer Support Services Officer Pilot Project was launched to serve customers better at the Bank's branches.

Our core banking system is changing

Eurobank Tekfen has launched a project to transform its core banking system in line with this new business model. The aims of this project are to provide strong support for organic growth and to increase the Bank's ability to supply fast, high-quality services to an expanding customer portfolio.

Work that began on 1 October 2009 will lead to a changeover to a new information processing system that will provide the infrastructure for a highly effective and secure system of centralized operations. This new system is scheduled to come on line in July 2010.

A strong team guided by shared wisdom

As a result of 187 new additions made to its staffing during 2009 in line with the Bank's growth targets, Eurobank Tekfen is serving customers with a strong team of 743 people as of the end of the same year.

Developments in the Bank's human resources in 2009 are summarized below:

- Particular importance was given to training in order to ensure that the Bank's organic growth was supported by up-to-date knowledge.

- The banking, branch, headquarters orientation, and on-the-job training for all newly-recruited personnel in 2009 was completed. In addition, technical progression training was provided for existing teams and arrangements were made for participation in training programs conducted by Eurobank EFG.

- During 2009, a total of 25,632 hours of training was provided to 3,272 participants. Average training time per person was five work days.

- Employees' competencies were identified as part of the Corporate Evaluation and Developments Project. The findings from the survey were compared with employees' job requirements in order to determine their individual strengths and the areas needing further development. 658 people took part in this process.

- The Performance Evaluation Model was developed and an objectives-based system was put into effect.

Within this framework, in 2010 Eurobank Tekfen plans to:

- Open new branches, with an emphasis on the retail segment,

- Strengthen its human resources with the addition of 250 new hires,

- Achieve both deeper and broader penetration in the 19 provinces in which the Bank is active,

- Introduce to the market new products involving factoring, cash management, and trade finance,

- Offer customers additional mutual funds being managed by a variety of portfolio management companies.

EFG Leasing

EFG Leasing

EFG Leasing pursued a policy that was parallel to that of Eurobank Tekfen's in 2009 and continued to support the SMEs in particular, and customers that actively produce, provide employment and export, in general.

EFG Leasing reaches and serves its customers via its direct marketing team, as well as through Eurobank Tekfen branches scattered around Turkey. The Company has built long-standing customer relationships in numerous sectors including construction, manufacturing, agriculture and medicine. EFG Leasing stands out especially with the support it extends to investments in technology. EFG Leasing with its business volume that has been growing and developing ever since its inception, in addition to SMEs has also undersigned a number of large-scale important projects of large corporations.

The Company's net investment amount increased by 23.7% in 2009 from €42.2 million to €52.2 million. Net investment per personnel reached a very high level of €3.9 million in 2009. While the financial leasing sector contracted approximately by 50% during 2009, EFG Leasing with asset growth of approximately 40% was one of the only two firms in the sector having increasing volumes.

The Company's market share reached 3.3% in 2009, up from 1.3% in 2008.

Drawing upon its rock-solid shareholding structure and international expertise, EFG Leasing will keep financing the investors from different sectors in a rapid, effective and efficient manner.

EFG İstanbul Securities

EFG İstanbul Securities

EFG İstanbul Securities is one of Turkey's leading investment houses that provides service in the following areas:

- Intermediation in İstanbul Stock Exchange and Turkish Derivatives Exchange transactions
- Corporate finance
- Market and macroeconomic research
- Asset management

Corporate Sales:

In 2009, EFG İstanbul Securities had a successful performance in the İstanbul Stock Exchange and the Turkish Derivatives Exchange:

Market	*Transaction Volume (million TL)*	*Market share (%)*	*Ranking*
İstanbul Stock Exchange	16,699	1.73	18th
Turkish Derivatives Exchange	19,017	3.06	12th

Corporate Finance:

The corporate finance team provides the following services:

- Mergers and Acquisitions
- Divestments and Strategic Partnerships
- Privatizations
- Private Equity Sales
- Public Offerings
- Corporate Restructuring Advisory
- Public Tender Calls

In 2009, the Company undersigned important projects including sell-side advisory to Kocaeli Municipality in İzgaz privatization, sell-side advisory to Vakıfbank Pension Fund's sale in Atakule GYO and provided intermediation in the financing of Bares Elektrik which it had acted as buy-side advisory to Italgen in 2008 in its acquisition.

Research:

Formed of well-known and reputable economists and analysts, the qualified research team analyzes sectors and companies of a wide range and supports corporate sales and corporate finance activities.

Asset management:

The Company with its experienced team aims to generate for its clients the return based on their risk preferences via simple, transparent investment products and services with pre-determined targets.

The Company manages EFG İstanbul Securities' investment funds as well as the investment funds that Eurobank Tekfen A.Ş. is the founder of. The Company also provides private Portfolio Management services to individuals and institutions.

Bank’s Positioning in the Sector and New Activities

Information Related to Personnel and Branch Number, Evaluation of the Bank's Positioning in the Sector

With its 42 branches, internet banking application and 743 personnel, Eurobank Tekfen is active in corporate and commercial banking, retail banking, factoring and through its subsidiaries in leasing and investment banking, providing high added value banking products and services.

The Bank's market shares in the sector in terms of key indicators are presented below:

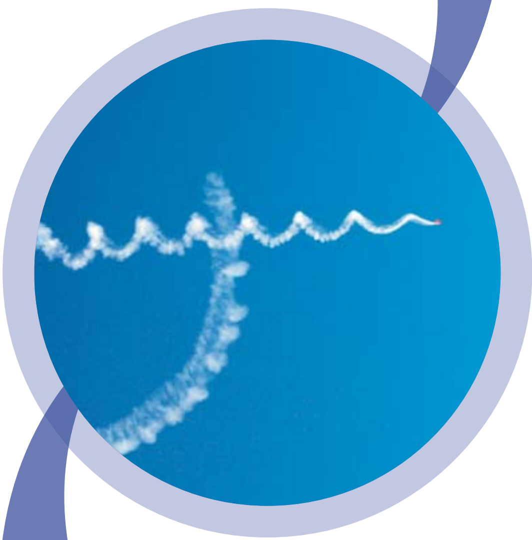
TL million		*December 2009*	
	Eurobank Tekfen	*Sector**	*The Bank's Share (%)*
Total Assets	3,857	833,959	0.46
Cash Loans	1,233	392,622	0.31
Customer Deposits	1,838	514,618	0.36
Number of Branches	42	9,036	0.46
Number of Employees	743	172,403	0.43

* Source: BRSA (Banking Regulatory and Supervision Agency)

R&D Practices Relating to New Services and Activities

Implementation of process and document management infrastructure for loan allocation workflow was finalized in the first half of 2009. Additionally, some retail banking products were developed and put into use starting with the third quarter of 2009.

Project related with the changing of the banking platform in order to support the Bank's growth targets continued in 2009 with increased pace.



2. Management and Corporate Governance

Board of Directors and Executive Management

Names & Surnames, Terms of Office, Area of Responsibility, Academic Backgrounds and Professional Experience of the Chairman of the Board of Directors, Directors, Members of the Audit Committee, President and Vice Presidents, and Heads of the Units Under Internal Systems

Title	Name & Surname	Position	Date of Appointment to Office	Academic Background	Experience in Banking or Business Administration Prior to Appointment to Office (Years)
Chairman and members of the Board of Directors:					
	Mehmet Nazmi Erten	Chairman	17.07.2008	Bachelor's degree	29
	Prof. Dr. Nikolaos Karamouzis	Vice Chairman	16.03.2007	PhD	23
	Piergiorgio Pradelli	Director	16.03.2007	Bachelor's degree	12
	Evangelos Kavvalos	Director	16.03.2007	Master's degree	19
	Paula Hadjisotiriou	Director	16.03.2007	Bachelor's degree	31
	Georgios Marinos	Director	16.03.2007	Master's degree	27
	B. Elif Bilgi Zapparoli	Director	16.03.2007	Master's degree	16
	Dr. Ahmet İpekçi	Director	17.07.2008	PhD	26
	Assoc. Prof. Osman Reha Yolalan	Director	30.03.2006	PhD	15
	Aikaterini Delikoura	Director	29.01.2009	Master's degree	16
	Mehmet Gani Sönmez	Director & General Manager	26.09.2008	Bachelor's degree	26
General Manager:					
	Mehmet Gani Sönmez	Director & General Manager	14.07.2008	Bachelor's degree	26
Executive Vice Presidents:					
	Bülent Nur Özkan	Senior Executive Vice President	17.11.2008	Bachelor's degree	21
	Fedon Hacaki	Loans	10.09.2007	Master's degree	16
	Ayşe İdil Kural	Financial Control and Budget Planning	17.01.2008	Bachelor's degree	12
	Fatma Aliye Atalay	Private Banking	01.05.2005	Master's degree	15
	Ahmet Türkselçi	Human Resources	01.11.2007	Bachelor's degree	23
	Esra Aydın	Operations	01.08.2007	Bachelor's degree	16
	Mutlu Akpara	Treasury and Capital Markets	08.08.2007	Master's degree	11
	Hüseyin Cem Öğe	Large Corporate and Structured Finance	22.08.2007	Master's degree	13
	Cihan Vural	Internal Control and Audit	03.11.2008	Bachelor's degree	13
	Soner Ersoy	Information Systems	12.01.2009	Bachelor's degree	12
	Şebnem Dönbekci	Retail Banking	02.01.2009	Master's degree	15
	Zeliha Deniz Veral	Transaction Banking	25.05.2009	Bachelor's degree	17
	Neşe Atabey	Commercial Banking	05.10.2009	Bachelor's degree	24

Changes in the Bank's directors and executive management during 2009 and until the reporting date:

Board of Directors:

Appointments:

Aikaterini Delikoura was appointed as board director on 29 January 2009.

Executive Vice Presidents:

Appointments:

Şebnem Dönbekci was appointed as executive vice president responsible for retail banking services on 2 January 2009. Soner Ersoy was appointed as executive vice president responsible for information systems on 12 January 2009. Zeliha Deniz Veral was appointed as executive vice president responsible for transaction banking on 25 May 2009. Neşe Atabey was appointed as executive vice president responsible for medium and small scale commercial banking on 5 October 2009.

Resignations:

Haldun Sevinç who was appointed as the executive vice president responsible for commercial banking on 5 July 2004, resigned on 15 April 2009.

Terms of Office and Professional Experience of Statutory Auditors

Statutory Auditors

Name & Surname	*Position*	*Date of Appointment to Office*	*Academic Background*	*Experience in Banking or Business Administration Prior to Appointment to Office (Years)*
Hakan Dündar	Statutory Auditor	17.07.2008	Master's Degree	10
Dr. Ahmet Burak Emel	Statutory Auditor	16.03.2007	PhD	12
Firdevs Sancı	Statutory Auditor	16.03.2007	Bachelor's Degree	28

Committees and Human Resources Practices

Activities of the Credit Committee and of the Committees Reporting to, or Set Up to Assist, the Board of Directors Under Risk Management Systems Pursuant to the Regulation on Banks' Internal Systems, and the Names, Surnames and Principal Duties of the Heads and Members Serving on These Committees

CREDIT COMMITTEE

The Credit Committee undertakes the assessment of credit proposals and revisions thereto, within the framework of the authority granted by the Board of Directors. The authorization limit for the Credit Committee for secured and unsecured lending are €10 million and €6 million, respectively. If it is so deemed appropriate, the Credit Committee refers credit proposals beyond its authorization limit to the Board of Directors.

The Committee is briefed on credit proposals and credit risks by the Credits and Marketing Groups and keeps the Board of Directors informed regularly. The chairman of the Committee is Mehmet N. Erten, the chairman of the Board of Directors. The Bank's General Manager, Mehmet G. Sönmez and board directors Aikaterina Delikoura(*) and Georgios Marinos serve as members of the Committee. The Committee meets once a week.

(*)Fedon Hacaki resigned from his responsibilities as a board director and credit committee member on 16 December 2008. Aikaterini Delikoura was appointed as a board and credit committee member on 29 January 2009.

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

Name & Surname	*Area of Responsibility*
Assoc. Prof. Osman Reha Yolalan	Board Director Responsible for Internal Audit and Risk Management
Cihan Vural	Vice president responsible for Internal Audit and Control
Özge Aşçıoğlu	Head of Internal Audit
İsmail Alev (*)	Head of Internal Control
Esra Işıkara (*)	Head of Compliance
Ferudun Canbay	Head of Risk Management Group

(*) As per the Board of Director's resolution dated 29 January 2009, in line with the Regulation on the Programme for Compliance with the Obligations regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism published on official gazette dated 16 September 2008, Internal Control and Compliance Department has been separated into Internal Control and Compliance Departments. In this context, İsmail Alev has been appointed as the head of internal control and Esra Işıkara has been appointed as the head of compliance reporting directly to the Audit Committee.

The actions taken by the Bank with regard to its Internal Systems Organizational Structure are presented below, within the scope of the "Regulation on Bank's Internal Audit and Risk Management Systems" issued by the Banking Regulation and Supervision Agency (BRSA) and published in the Official Gazette dated 1 November 2006 and numbered 26333.

Assoc. Prof. Osman Reha Yolalan is the board director responsible for Internal Audit and Risk Management. The Risk Management Group reporting to the Board of Directors via the Audit Committee consists of the Credit Control Division, Market Risk Unit and Operational Risk Unit. Similarly, Internal Audit and Internal Control work under the Internal Audit and Control Group reporting directly to the Board of Directors via the Audit Committee.

AUDIT COMMITTEE

According to the BRSA Regulation on Banks' Internal Systems, the Audit Committee is responsible, on behalf of the Board of Directors, for the establishment and monitoring of adequate and effective internal systems at the Bank and its affiliates subject to consolidation.

Assoc. Prof. Osman Reha Yolalan is the chairman of the Audit Committee and board directors Paula Hadjisotiriou and Piergiorgio Pradelli serve as members on the Audit Committee. Risk Management and Internal Audit and Control Groups report to the Audit Commmittee.

A. RISK MANAGEMENT SYSTEM

The Risk Management System has been set up to regulate the definition, measurement, exploration, reporting, analysis, monitoring and auditing of the risks involved in all aspects of the banking activities, subject to the principles established jointly by the Bank's executive management and the Risk Management Group, and approved by the Board of Directors.

Primary roles and responsibilities of the Risk Management are described below in general terms:

- Within the scope of risk monitoring and analysis; monitoring the data relating to positions and prices, monitoring exposures, defining and monitoring limits, summarizing and reporting exposures,

- Within the scope of quantification or analytic analyses; designing new quantification or analytic models and testing the new models developed,

- Within the scope of modeling; developing risk analysis tools and techniques of the new models for the system, maintaining historical or past data that have been subject to feedback,

- Within the scope of system development and integration; upgrading the infrastructure so as to support execution of transactions; incorporating inputs from other systems, automation of data deletion, clearing and conversion, developing databases that will support the use of risk-related data and information,

- Controlling the consistency of outputs pertaining to risk management models used,

- Assessing the risks identified by the Board of Directors within the scope of internal control function,

- During risk measurement phase; identification of the risks faced by the Bank through quantification or analytic methods using measures and criteria to be set by the relevant risk committees,

- Establishing a common risk management perspective in the Bank.

Furthermore, the executive management and the Risk Management Group evaluate the profit and loss status of key operation units at the Bank with due consideration of risk/return balance.

Primary roles and responsibilities of the Risk Management Group are clearly set by the Bank, and these units duly perform such duties and responsibilities.

The constituents of the Risk Management Group are described below:

1) Risk Committee:

The Risk Committee established based on the Board of Directors decision dated 12 April 2007 has been enlarged by another Board of Directors decision dated 26 March 2009 and the Risk Committee consists of board directors Paula Hadjisotiriou (chairwoman), Assos. Prof. Osman Reha Yolalan, Georgios Marinos and Aikaterini Delikoura.

Primary roles and responsibilities of the Risk Committee are described below in general terms:

- Approval of Strategic Risk Management decisions (such as local risk appetite, capital allocation and risk management structure) and qualitative and quantitative monitoring of Market, Liquidity, Credit and Operational Risks.

- Inspection of Risk Management Group's performance on their regular follow-up of the Bank's activities regarding compliance with set risk policies.

2) Risk Management Group

The Group is assigned with the coordination among the Credit Control Division, Market Risk Unit and Operational Risk Unit reporting to it, and presentation of the results of their works to the Risk Committee for their review.

a) Market Risk Unit

The Market Risk Unit reports directly to the Bank Risk Management Group.

The chief objective of the Market Risk Unit is to monitor and analyze the market risks that the Bank and affiliates subject to consolidation are, or might be, jointly exposed to, and to create and report risk policies and implementation procedures.

In terms of compulsory external reporting, the Unit submits consolidated and unconsolidated market risk reports to the BRSA on weekly, monthly and quarterly periods, which are prepared by standardized approach.

The Bank employs the standardized approach in the calculation of the Value at Risk (VaR) for the market risk for statutory reporting. Regarding the standardized approach not an adequate measurement methodology, the Bank calculates the Value at Risk using the internal model upon introduction of the Risk Metrics and Kondor + software at the Bank.

The Unit undertakes interest-sensitivity and liquidity gap analysis of balance sheet items in order to track interest rate and liquidity risks. Based on these efforts, maturity mismatches in relation to credits and deposits are monitored and reported. Additionally, interest and exchange rate scenario analyses have also been commenced for credits and deposits portfolios.

In addition to the above mentioned works, the Unit, as a sub-body of the Risk Committee and presided by the Director responsible for Internal Audit and Risk Management System, works in coordination with the Credit Control Division, Internal Control Center and the Internal Audit.

b) Credit Control Division

The Credit Control Division reports directly to the Bank Risk Management Group consists of Credit Monitoring, Credit Reporting and Credit Portfolio Analysis units.

The purpose of the Credit Control Division is to monitor, measure and report the risks the Bank may be exposed to due to any customer's failure to partially or fully perform his/her contractual obligations, and thus to contribute to risk-sensitive capital management. Ensuring that the Bank's credit portfolio does not include any high credit risk or reputation risk transactions, that the credit portfolio is directed towards sectors carrying less credit risk and that the portfolio is not concentrated in specific groups is among the responsibilities of the credit control division.

While the work is ongoing in credit reporting, coordination is established with the IT in relation to systemic improvements. The Credit Control Division provides information flow on the Bank's current position and performance direction to the Executive Management, through regular monitoring of all stages of the lending activities, and regular and frequent reporting of credit limits and risks on the bases of collaterals, sectors, geographical regions, and internal rating scores, and also makes proposals for the identification and improvement of hitches and vulnerabilities in the lending system, as and when necessary.

The Credit Control Division monitors the entire corporate and personal credit portfolio using a proactive method, communicates credits with potential problematic nature, which are identified through early warning signals, to the relevant management, works toward taking necessary action therefore, and functions so as to minimize the Bank's possible loss.

The Credit Control Division also works on improving the new risk rating system for corporate credits, which is put in place. With the MRA (Moody's Risk Advisor) project launched in 2009, it is planned to have a more sophisticated methodology for measuring customers' risk levels.

Work is ongoing on project-basis to set up an accounting system for Basel-II credit risk capital adequacy measurement.

The Credit Portfolio Analysis Unit performs on-site reviews of branch credit portfolios including the changes in the customers' credibility and reports potentially problematic changes.

c) Operational Risk Unit

The Operational Risk Unit reports to the Risk Management Group.

The main objective of the Operational Risk Unit is to monitor and analyze the operational risks that the Bank and affiliates subject to consolidation are, or might be, jointly exposed to, and to create and report risk policies and implementation procedures.

In terms of compulsory external reporting, the Unit submits consolidated and unconsolidated operational risk reports to the BRSA on an annual basis, which are prepared by standardized approach.

A loss database has been set up for operational risk quantification. Operational risk categories have been developed based on the BIS standards, and sub-categorization of the incidents that might be confronted with have been completed.

Work is ongoing for maintaining and improving the Bank's Contingency Plan.

Meeting Frequencies of Committees:

As defined in the Bank's Risk Policies document, the Risk Committee meets at least four times a year, and the Risk Coordination Committee meets biweekly. The Risk Coordination Committee is set up in order to determine joint actions in relation to Internal Audit, Internal Control and Risk Management issues. The meetings held by the group are called Risk Coordination Committee meetings. Participants are the board director responsible for Internal Audit and Risk Management (as the chairman), Chief Executive Officer, Senior Executive Vice President, Head of Risk Management Group, Head of Internal Audit and Control, Head of Internal Audit Division, Head of Internal Control Department and Head of Compliance. Heads of the Credit Control Unit, Market Risk Unit and Operational Risk Unit also attend these meetings when necessary.

B. INTERNAL AUDIT AND CONTROL GROUP

Internal Audit and Control Group consists of Internal Audit and Internal Control units. Heads of Internal Audit and Internal Control groups report directly to the vice president responsible for Internal Audit and Control who directly reports to the Audit Committee.

B.1. INTERNAL AUDIT

Internal Audit consists of branch audit, headquarters audit and information systems audit divisions.

Internal Audit, by carrying out audits in the Bank's branches, headquarter divisions and subsidiaries subject to consolidation, aims to provide assurance to the Bank's top management that the Bank's operations are in compliance with the laws and other legislations, the Bank's strategy, policy and procedures and that the Bank's internal control and risk management systems are effective and adequate.

In this context, all banking activities are investigated and audited on a risk focused approach and it is targeted to add value to the Bank by providing vision and suggestions for the formation of preventive measures, for the protection of Bank's assets and for increasing operational efficiency.

The audit reports, that are a result of the audits performed in the branches, headquarter divisions and subsidiaries in line with the risk focused annual audit plan, are submitted to the relevant divisions, top management and Audit Committee to ensure the taking of necessary actions.

B.2. INTERNAL CONTROL

The Internal Control Unit reports to the Audit Committee and the Board of Directors via the vice president responsible for internal audit and control.

The vision of the Internal Control Unit is to provide the executive management and the Board of Directors with an objective assurance on the Bank's operations within the framework of generally accepted professional standards and work ethics, so as to enhance the effectiveness of corporate governance and improve the Bank's operational productivity.

Physically, the Internal Control Unit is set up under the Headquarters organization. Control activities of the Internal Control Unit are carried on with a special focus on lending, deposit collection, treasury, and capital market transactions from amongst the Bank's functional activities. The Internal Control Unit oversees the transactions in these and other fields with respect to their conformity with the Bank's policies, implementation procedures, limits and internal regulations via central control methods working on the information technology system, on a daily basis and at various other intervals.

Any problem identified is regularly reported to the Board of Directors via the relevant branch, department, executive management and the Audit Committee, and the actions taken are followed-up. Further, the Internal Control Unit provides comments for the correction of elements that are determined to present risks in general workflows and practices.

C. COMPLIANCE

The compliance unit reports to the Board of Directors via the Audit Committee.

In the context of the bank's compliance policies in 2009 our department has continued to:

- Monitor the Bank's compliance to legal obligations of laundering proceeds of crime and combating financing of terrorism and implementation of the compliance program.

- Evaluate clients, transactions and services by a risk based approach to identify responsibilities and working procedures, controls and preventions for strategies to minimize and control the possible risks the Bank could face.

- Train and inform the Bank's employees on laundering proceeds of crime and combating financing of terrorism issues.

Attendance of Board Directors and Members of the Audit and Credit Committees and Members of the Committees Reporting to, or Set Up to Assist, the Board of Directors Under Risk Management Systems Pursuant to the Regulation on Banks' Internal Systems to the Relevant Meetings Held During the Fiscal Year

The Board of Directors convenes monthly. The provisions of the Turkish Commercial Code are adhered to in relation to the quorum for Board of Directors meetings.

The Audit Committee meets at least four times a year.

The Credit Committee meets once a week.

As defined in the Bank's Risk Policies document, the Risk Committee meets at least four times a year, and the Risk Coordination Committee meets biweekly.

The participation of Board Directors and committee members to relevant meetings was at a sufficient level.

HUMAN RESOURCES PRACTICES

Human Resources Policy:

Formulating contemporary, participative human resource policies and programs to support our target of achieving growth in the sector,

Ensuring recruitment of competent and result-oriented human resource in line with the Bank's goals and strategies,

Contributing to the enhancement of the Bank's performance by rewarding superior performances,

Gearing up our employees who are trained within the corporate culture and specialized in their careers for managerial positions, thus fortifying our corporate culture,

Assuring employee satisfaction through proactive human resources practices and building an efficient and highly motivated organization.

Recruitment

Human resource needs are fulfilled in line with the Bank's short and medium-term strategic goals.

The target is to attract the human resource possessing good academic background, that is open to innovation and change, and that will espouse and maintain our values.

The considerations in the selection of new employees are conformity of individuals possessing potential for improvement to the Bank's competencies, as well as the conditions prevailing in the sector.

The Bank's overall Annual Headcount Budget is approved by the Board of Directors. The Human Resources Director reviews and approves all recruitments of the Bank. All new recruitments within the budget are approved by the Human Resources Director and the respective Group Head, while supernumerary recruitments are approved by the Chief Executive Officer and the Human Resources Director.

Training

Training and development plans are implemented, which are aimed at enhancing our employees' productivity, ensuring their adaptation to change and raising the future's managers pool, in line with the Bank's objectives.

It is of utmost importance to take care in ensuring that the training and development opportunities targeted in this direction are in conformity with the Bank's goals, strategies and competencies, as well as to have them monitored and followed-up by our managers. Our training policy is;

- Ensuring that training is regarded as an investment by the Bank and making sure that training plays a part in achieving the Bank's business targets,
- Extending the training and development support required to enhance the employees' performances in line with the Bank's strategy, business targets and mission,
- Guaranteeing that the training and development support is provided regularly, continually and systematically,
- Creating training strategies that are clear, shared and principled,
- Conducting customized training management which is based on need analysis and design, and the outcomes of which are measured and monitored,
- Relating training and development support with the lines of business and business results.

Career Management

Our primary goal is to ensure planning of promotion of our employees with a high potential, who have espoused the Bank's vision, mission and values, to managerial positions. It is targeted that the employees are actively involved in and manage their own career planning in cooperation with their line managers based on the results of performance appraisals.

In order for the employees to be promoted in line with the Bank's needs, the relevant position must be vacant, the person must possess the knowledge and experience required by the position to which he/she will be promoted, and he/she must have displayed a high performance.

Performance Appraisal

The primary goal is to achieve the Bank's goals and strategies, and to ensure attainment of better results by the employees and the Bank through management of individual performance. To this end, the employees' targets, contributions to business results and improvement in their competencies are measured on an annual basis.

The appraisal process serves to rewarding of individuals displaying superior performances, as well as to the identification of people with high potentials and determination of development needs of the employees.

Performance levels of employees open the way for their nomination to various positions within the frame of personal career plans and also have an influence on their remunerations.

Remuneration

The Bank has in place a remuneration management that provides a certain level of welfare to employees in line with the market and overall economic conditions, that rewards successful performances, and that ensures compensation in proportion with the level of roles and responsibilities undertaken.

The differentiation among remunerations is based on the knowledge and experience required by the job. Salary rises at the Bank are effected upon decision of the Management which relies on the outcome of the Market Salary Survey and Individual Performance results conducted by the Human Resources Group.

Leaves

Provisions of the Labor Law no 4857 are adhered to in relation to annual paid leaves.

Years of Service	*Annual Leave*
1-5	14 days
5-15	20 days
Over 15	26 days

Our employees must take:

- At least two consecutive weeks in one vacation, if they are entitled to an annual leave of 20 or more days,
- At least one straight through week in one vacation, if they are entitled to an annual leave of 14 days.
- All management levels should take at least 2 consecutive weeks vacation, regardless of entitled vacation days.

Only the General Manager may permit a member of staff to take less than two consecutive weeks, and only in exceptional and justifiable circumstances. It is the responsibility of the HR Division to ensure that the rule is adhered to, or to place a note in the personnel file of each staff member setting the reason in case of an exception.

Relatives Policy

The Bank has formulated a policy for the recruitment and placement of employees that are relatives with other staff of the Bank. The aim of the relatives' policy is to safeguard meritocracy, transparency and security of operations and avoid situations where conflicts of interest arise.

Private Insurance Practices

Healthcare expenses of our employees and their families (spouse and children) are covered under the health insurance policies revised every year.

Material losses that may arise from any accident are covered under personal accident insurance policies revised every year.

The Bank's Transactions With Its Risk Group

	Total risk group	*Share in Financial Statements (%)*
Borrowings	879,437	83.70
Deposit	681,636	36.81
Banks	488,762	90.38
Non–cash loans	30,731	2.76
Financial lease payables (net)	2,127	100.00
Loans	232	0.02
Funds from repurchase transactions	4	0.00

For further details, please refer to App. 3, Fifth Section – VII

Fields of Activity in Which Support Services Were Procured and the Persons and Companies From Which They Were Procured Pursuant to the Regulation on the Support Services to be Procured by Banks and Authorization of Support Service Providers

Support services are procured in banking software from Intertech Bilgi İşlem Pazarlama A.Ş., in host computer maintenance from Software Ag Bilgi Sistemleri A.Ş., and in cash transfer and security services from Securverdi Güvenlik Hizmetleri A.Ş.

The Board Of Directors Summary Report

Board of Directors Summary Report Presented to the General Assembly

Targeting stable growth in its activities also in 2009, Eurobank Tekfen pursued its commercial banking activity in accord with the Turkish Commercial Code, tax legislation, the Banking Law, Banking Ethics, Know Your Customer and Suspicious Transaction provisions, Antitrust and Competition Laws/Guidelines.

In formulating its risk policies, Eurobank Tekfen aims to enhance the total benefit for its shareholders and customers, with keen consideration of risk-sensitive capital management principles and liquidity factors. Internal audit and risk management systems are being developed in line with the European Union Directives and Basel-II guidelines.

The Bank's total assets as at 31 December 2009 are TL 3,856,978 thousand.

Total deposits reached TL 1,851,581 thousand. During the year, additional TL 89.1 million of the TL 912 million perpetual loans that was secured from EFG Eurobank in 2007 was converted to a subordinated loan to be included in the Bank's capital base and the total subordinated loans reached TL 173.9 million.

In the first half of the year, the Bank's paid-in capital was increased by TL 150,000 thousand (TL 125,000 thousand in cash and TL 25,000 thousand from reserves) to TL 380,000 thousand.

As of 31 December 2009, 48% of total liabilities consisted of deposits, whereas 38% and 11% were composed of funds borrowed and money market debts, and shareholders' equity, respectively.

In the assets wing, total cash loans reached TL 1,347,057 thousand as at 31 December 2009, signifying a year-on rise by 21%. The amount of the Bank's non-performing loans makes up 7.5% of the cash and non-cash loan risks, for which 53% provision has been set aside for cash non-performing loans taking into consideration collaterals.

Government debt instruments materialized as TL 1,553,736 thousand. As a result, our assets consisted of loans by 35%, securities by 40% and cash, CBTR and short term placements by 19%.

The Bank's unconsolidated capital adequacy ratio is 25.99%.

The net profit for the year 2009 increased by 77.6% when compared to 2008 and reached TL 21,965 thousand.

In 2009;

- The Bank continued to support the real sector and achieved successful results in terms of gaining new customers and deepening relationships with existing ones. During a period of economic crisis, the Bank was particularly more prudent in risk management.
- The Bank completed its organizational restructuring and infrastructure efforts in retail banking area and has started to offer such services during the last quarter of the year.
- The centralization of services process accelerated during the year. Further, restructuring and improvement of internal workflows and organizational structure continued.
- The project initiated to change the Bank's core banking system gained pace. Moreover, technology has been utilized to increase efficiency in all areas.
- A large number of new employees have joined the Bank parallel to the Bank's growth strategy and the number of employees reached 743.
- Operations have been carried on in accord with the current applicable legislation and international standards, based on a vigilant and conservative understanding and robust financial structure.

Drawn up as at 31 December 2009 and subjected to independent audit, the Bank's Financial Statements, which will be publicly disclosed, are presented for your review and approval.

BOARD OF DIRECTORS

3. Financial Highlights and Risk Management Policies

Report by Statutory Auditors Organized Pursuant to Article 347 of the Turkish Commercial Code Dated 29/6/1956 and No. 6762

Please refer to App. 1

An Assessment by the Audit Committee of the Operation of Internal Control, Internal Audit and Risk Management Systems, and Their Activities in the Reporting Period

The primary function of the Eurobank Tekfen Audit Committee is to assist the Bank's Board of Directors in the fulfillment of the latter's responsibility to supervise the Bank and its affiliates subject to consolidation, by reviewing the financial data to be presented to the shareholders, ensuring the productivity and efficiency of the Internal Control Framework set up by the Board of Directors and the Management level, and monitoring the audit process.

The Audit Committee meets at least four times a year, and reviews and evaluates the efficiency, adequacy and productivity of the Internal Control Framework and Systems particularly with respect to the achievement of the objectives in the categories listed below:

- Efficiency, productivity and adequacy of the Bank's accounting and reporting systems, as well as of the Bank's Internal Audit, Internal Control and Risk Management,
- Accuracy of the data provided by the systems mentioned above,
- Reliability of financial reporting,
- Establishment of communication channels and information system control,
- Compliance with the laws and legislation in force.

The Audit Committee informs the Board of Directors on any case of non-compliance, also presenting a proposal relating to the corrective action that needs to be taken.

The Audit Committee's assessment of the operation of internal control, internal audit and risk management systems is as follows:

As well known, the recent developments in the Banking Sector, combined with the upcoming introduction of Basel-II standards put Risk Management and Internal Control Systems at a crucial position.

Risk Management System at Eurobank Tekfen has been formulated based on this significance and our commitment to the banking concept we are willing to implement; the system is in a constant evolution process. The purpose of Eurobank Tekfen is to make Risk Management System a part of the decision-making process, rather than using it merely for measurement and reporting purposes.

The Internal Control and Internal Audit Systems make it the focal point of their work to provide reasonable assurance for the adequacy of the internal control system in place at the Bank and to improve the same, in line with a risk-based approach. In their activities, these systems do not solely focus on identifying errors, but are rather concentrated on the establishment and implementation of measures that will prevent the occurrence of errors.

Independent Auditors' Report

Please refer to App. 2

Financial Statements and Information on Financial Structure

Please refer to App. 3

An Assessment of the Financial Status, Profitability And Solvency

At year-end 2009, the Bank's total assets reached TL 3,856,978 thousand, signifying a year-on increase of 11%.

Liquid assets took 19% share in the balance sheet.

Securities of TL 1,553,756 thousand as at 31 December 2009 took a 40% share in the balance sheet.

Growth was secured in cash loans by 21%. The share of cash loans in the balance sheet increased to 35%. The Bank's non-performing loans to total cash and non-cash loans ratio stands at 7.5%.

Total deposits increased by 3% reaching TL 1,851,581 thousand and made up 48% of the balance sheet.

In 2009, additional TL 89,138 thousand of the perpetual loan secured from EFG Eurobank in 2007 was converted to a subordinated loan to improve the Bank's capital base and the total balance of subordinated loans reached TL 173,958 thousand (TL 185,079 thousand as of 31 December 2009 with related interest accrual).

The Bank has secured €100 million of European Investment facility for the financing of the investments of small and medium scale companies. The first two tranches of such facility amounting to €50 million have been drawn in 2009 and started to be extended to clients.

As a result of the paid-in capital increase during the year and also the improvements in the marketable securities valuation fund and net profit, shareholders' equity increased from TL 272,563 thousand to TL 441,650 thousand.

EUROBANK TEKFEN A.Ş.
BALANCE SHEET ANALYSIS
THOUSAND TL

ASSETS	31.12.2008	31.12.2009	Change
Liquid Assets	414,124	730,243	76.3%
Securities	1,775,952	1,553,736	-12.5%
Loans and Factoring Receivables	1,112,700	1,347,057	21.1%
Subsidiaries	121,562	134,332	10.5%
Tangible And Intangible Assets	42,793	44,742	4.6%
Other Assets	13,976	46,868	235.3%
Total Assets	**3,481,107**	**3,856,978**	**10.8%**
LIABILITIES			
Deposits	1,795,524	1,851,581	3.1%
Funds Borrowed	1,308,596	1,457,945	11.4%
Other Liabilities	104,424	105,802	1.3%
Shareholders'equity	272,563	441,650	62.0%
Total Liabilities	**3,481,107**	**3,856,978**	**10.8%**

EUROBANK TEKFEN A.Ş.
STRUCTURAL BALANCE SHEET ANALYSIS

ASSETS	31.12.2008	31.12.2009
Liquid Assets	12%	19%
Securities	51%	40%
Loans and Factoring Receivables	32%	35%
Subsidiaries	4%	4%
Tangible And Intangable Assets	1%	1%
Other Assets	0%	1%
Total Assets	**100%**	**100%**
LIABILITIES		
Deposits	52%	48%
Funds Borrowed	37%	38%
Other Liabilities	3%	3%
Shareholders' Equity	8%	11%
Total Liabilities	**100%**	**100%**

The changes in the balance sheet structure and the significant interest rate decline in the market have played a role in the changes in net interest income. Interest income from loans declined by 3% despite the growth in the loan book as a result of the decrease in nominal interest rates. At the same time, interest on deposits declined by 15%. Similar declines have been observed in interest expenses on funds borrowed and money market deposits and consequently net interest income has increased by 32% in 2009.

EUROBANK TEKFEN A.Ş.

NET INTEREST INCOME ANALYSIS

THOUSAND TL	***31.12.2008***	***31.12.2009***	***CHANGE %***
INTEREST INCOME	***457,703***	***432,737***	***-5%***
Interest on loans	179,534	174,057	-3%
Interest on reserve requirements	13,040	7,572	-42%
Interest on banks	13,550	24,969	84%
Interest on money market transactions	6,508	2,101	-68%
Interest on securities	233,237	215,533	-8%
Other interest income	11,834	8,505	-28%
INTEREST EXPENSE	***(378,723)***	***(328,517)***	***-13%***
Interest on deposits	(175,733)	(149,086)	-15%
Interest on funds borrowed	(150,254)	(138,712)	-8%
Interest on money market borrowings	(41,297)	(26,621)	-36%
Other interest expence	(11,439)	(14,098)	23%
NET INTEREST INCOME	***78,980***	***104,220***	***32%***

EUROBANK TEKFEN A.Ş.

STRUCTURAL NET INTEREST INCOME ANALYSIS

	31.12.2008	***31.12.2009***
INTEREST INCOME	***100%***	***100%***
Interest on loans	39%	40%
Interest on reserve requirements	3%	2%
Interest on banks	3%	6%
Interest on money market transactions	1%	0%
Interest on securities	51%	50%
Other interest income	3%	2%
INTEREST EXPENSE	***100%***	***100%***
Interest on deposits	46%	46%
Interest on funds borrowed	40%	42%
Interest on money market borrowings	11%	8%
Other Interest expense	3%	4%

Fee and commission income improved compared to the prior year, registering a 52.5% increase. Trading income consisting of foreign exchange and trading gains rose by 356% on an annual basis. While other operating income stood at TL 3,459 thousand, provisions parallel to the loan quality deterioration in the overall banking sector, materialized as TL 54,941 thousand. Other operating expenses, on the other hand, recorded 20.8% increase. Under the light of this data, net profit for the period was TL 21,965 thousand.

EUROBANK TEKFEN A.Ş.
NET INCOME ANALYSIS

THOUSAND TL	***31.12.2008***	***31.12.2009***	***CHANGE %***
Net interest income	78,980	104,220	32.0 %
Net commission and fee income	20,559	31,354	52.5 %
Dividend income	117	136	16.2 %
Trading income/Loss (Net)	8,360	38,150	356.3 %
Other operating income	7,703	3,459	-55.1 %
Reserve for loan and other losses	(22,145)	(54,941)	148.1 %
Operating expenses	(78,059)	(94,318)	20.8 %
Income before tax	15,515	28,060	80.9 %
Tax	(3,148)	(6,095)	93.6 %
Net income	**12,367**	**21,965**	**77.6 %**

Information on Risk Management Policies Implemented by Types of Risks

Basic Risk Principles applied at the Bank are as follows:

a) Balance Sheet Management

- Eurobank Tekfen's capital adequacy ratio may not fall below the level recommended by BRSA.
- Eurobank Tekfen's liquidity ratios may not fall below the legal level set by BRSA.
- The crucial balance sheet management understanding is the management and close monitoring of the maturity mismatches between assets and liabilities.

b) Market risk

- Eurobank Tekfen made it a principle not to carry foreign currency position risk in the markets; however, maximum risk limits that can be assumed in certain cases are defined in Treasury Risk Parameters and Asset and Liability Committee (ALCO) decisions.
- Upper limits for undertaking any country risk, as well as the maximum amounts of government bonds issued by the Turkish Republic are set in the Treasury Risk Parameters and ALCO decisions.
- Maturities and sizes of securities portfolios and placements may not exceed the limits defined in the Treasury Risk Parameters and ALCO decisions. Types of securities and sizes of placements are arranged in line with ALCO decisions.

c) Credit risk

- Lending authorization limits are set by the Board of Directors within the framework of the provisions of the Banking Law.
- The Bank sets the principles relating to extending, monitoring, revising, recalling, refusing and collateralization of credits in accord with applicable legislation and employing “best practice” models.
- Any transaction that may give rise to reputation risk for the Bank is avoided.
- Any demands of credit customers bearing speculative purposes that do not fall under the fields of activity are disregarded.
- Financial structure assessment of companies posing credit risks are renewed at least once a year.
- Creditworthiness of customers with loans is monitored and kept under control from the inception of the transaction until the entire risk is covered.
- The principle adopted is to maintain a credit portfolio composed by a large number of small-scale companies.
- Limits and processes are molded according to economic conjuncture and periodic impacts.

d) Operational risk

- Authority to access data and negotiable instruments is determined and implemented within the scope of relevant regulations.
- At Eurobank Tekfen, no transaction/cost is incurred that is not covered in the annual budget and that might have an adverse impact on the balance sheet structure.
- The Contingency Plan is kept up-to-date at all times in line with the developments and its effectiveness is checked at time intervals as set out in the procedure.
- It is a fundamental principle to abide by applicable legislation and internal regulations.
- It is a fundamental principle for all employees to take necessary action, or provide information to the relevant management levels for necessary action, in relation to any operational risk that might arise in the Bank’s any field of activity.

e) Principles for mitigating/managing limit violations:

- All Eurobank Tekfen employees are obliged to communicate any element that contradicts with the Bank’s Risk Policies that they observe during the course of their works to their line management.
- Limit violations and any nonconformity identified by the Internal Control System are communicated to the Audit Committee and related executive management committee.

f) Notification and Warning Procedures:

- It is a fundamental principle that any transaction that is likely to bear suspicious transaction qualities will be reported to the Compliance Officer.
- Any information required by the organizational groups under Internal Systems pursuant to operating standards is delivered to relevant groups.
- Transparency is the fundamental principle in the qualitative and quantitative monitoring of market, credit, and operational risks. It is mandatory to abide by this rule in external notifications.
- In specific cases, temporary suspension or permanent removal of any restrictions imposed may be effected by the management level that imposed such restriction.

g) Approvals and Confirmations

It is a fundamental principle to avoid any transaction that will be in contradiction to the regulations and procedures for whatsoever reason. However, for some specific businesses and transactions, the approval must be obtained from the executive management or from the Board of Directors.

Ratings Granted by Rating Agencies and Their Contents

MOODY'S (Dated 10 September 2009 based on 31 December 2008 Data)

Individual Credit Rating	D-
Long Term Foreign Currency	B1
Short Term Foreign Currency	Not Prime
Outlook	Stable
Long term Local Currency	Ba1
Short term Local Currency	Not prime

Summary Financial Data for the Past Five Years Including the Reporting Period

Thousands of TL	***31.12.2009***	***31.12.2008***	***31.12.2007***	***31.12.2006***	***31.12.2005***
Total Assets	3,856,978	3,481,107	2,740,435	1,115,845	745,171
Loans	1,347,057	1,112,700	895,971	576,778	313,426
Deposits	1,851,581	1,795,524	1,151,874	760,781	533,679
Shareholders' Equity	441,650	272,563	271,556	117,083	101,319
Net Profit	21,965	12,367	18,498	12,386	1,899
Non-cash Loans	1,115,332	1,177,325	656,561	479,115	320,039
Capital Adequacy Ratio	25.99%	17.89%	21.78%	16.90%	22.61%

4. Consolidoted Financial Information

Consolidated Financial Information

	31.12.2009 (*)	**31.12.2008 (*)**	**%**
Total assets	4,045,350	3,587,408	12.8%
Loans, Factoring ve Financial Lease Receivables	1,532,451	1,228,948	24.7%
Securities	1,573,490	1,782,413	-11.7%
Deposits	1,780,250	1,717,573	3.7%
Borrowings and money market	1,656,454	1,446,792	14.5%
Shareholders' equity	489,591	305,542	60.2%
Guarantees and warranties	1,115,332	1,177,325	-5.3%
Current year income	36,927	40,095	-7.9%
Capital adequacy ratio	23.67%	15.94%	48.5%

(*) Thousands of TL based on consolidated financial statements

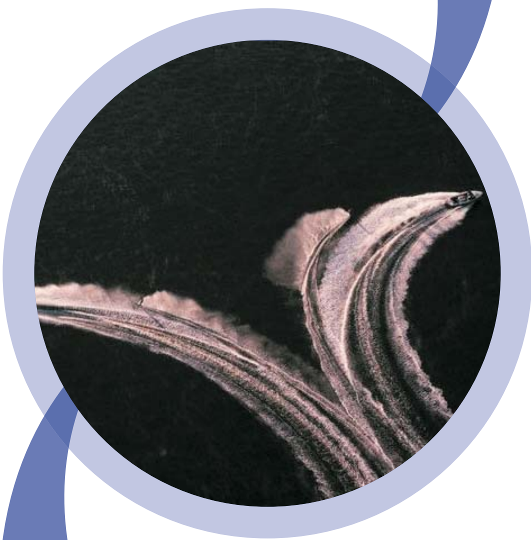
Information on consolidated subsidiaries:

Subsidiaries	*Associates*	*Joint Ventures*
1. EFG Finansal Kiralama A.Ş.	-	-
2. EFG İstanbul Menkul Değerler A.Ş.	-	-

Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total Assets	*Shareholders' Equity*	*Fixed Assets*	*Interest Income*	*Income from Marketable Securities Portfolio*	*Current Period Profit*	*Prior Period Profit*	*Fair Value*
1	217,353	25,954	136	15,553	62	2,957	2,537	-
2	114,918	92,424	3,244	9,424	2,500	12,083	25,191	-

Please refer to App. 3 for Independent Auditors' Report on consolidated basis, Consolidated Financial Reports and Financial Structure.



Appendices

Appendix 1

Statutory Auditors' Report

İstanbul,12/03/2010

STATUTORY AUDITORS' REPORT

To the Annual General Meeting of
EUROBANK TEKFEN ANONİM ŞİRKETİ

We have audited the transactions and accounts of Eurobank Tekfen A.Ş. for 2009 taking into account the provisions of the Banks Act, the Turkish Commercial Code, other laws and regulations, and the bank's articles of incorporation and we have ascertained that the bank's balance sheet and profit & loss statement conform to the books of account and that those books of account conform to the documents associated with them.

On that basis we respectfully recommend that the balance sheet and income statement submitted by the Board of Directors for your consideration be approved by the general assembly.

Statutory Auditor	Statutory Auditor	Statutory Auditor
Hakan DÜNDAR	Dr. Ahmet Burak EMEL	Firdevs SANCI

Appendix 2

Annual Report Statement of Compliance

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi
No:48 B Blok Kat 9 Akaretler
Beşiktaş 34357 İstanbul-Turkey
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Facsimile +90 (212) 326 6050

CONVENIENCE TRANSLATION OF THE REPORT ON COMPLIANCE OF ANNUAL REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

To the General Assembly of Shareholders of Eurobank Tekfen A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Eurobank Tekfen A.Ş. ("the Bank") and its consolidated subsidiaries as of 31 December 2009 with the audited financial statements. The annual report is the responsibility of Bank's management. Our responsibility, as independent auditors, is to express an opinion on the annual report that we have audited.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Law No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is free from material errors. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report accurately reflects, in all material respects, the information regarding the financial position of Eurobank Tekfen A.Ş. at 31 December 2009 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements originally issued in Turkish.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of PricewaterhouseCoopers

Z. Alper Önder, SMMM

Istanbul, 12 March 2010

Appendix 3

Financial Statements together with Independent Auditor's Report

Directory

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HEAD OFFICE

Eski Büyükdere Cad. Tekfen Tower
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Fax : +90 212 281 21 34

ANKARA COMMERCIAL REGION MANAGEMENT

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Fax : +90 252 316 89 55

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Fomara Meydanı Öndül İş hanı
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Fax : +90 224 225 57 10

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59850 Çorlu/TEKİRDAĞ
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Fax : +90 282 673 63 11

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