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RELIABILITY

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with sizeable investments by individuals and major shareholders.

PROFITABILITY

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One of the most profitable banks in Europe.

*By Moody's, as of December 15, 2008

**Istanbul Stock Exchange, as of February 18, 2009

The innovative power of Turkey

Joining the E.U. Club

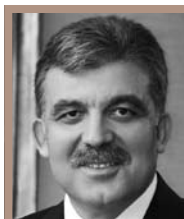
Turkey's vast resources are a magnet for investors looking for a gateway between Europe and the Middle East.

As the host of this year's annual World Bank and International Monetary Fund meetings, which take place in Istanbul on Oct. 6 and 7, Turkey is standing proudly at the crossroads of East and West. Boasting a young, educated, and dynamic population, this European country is one of the world's most powerful emerging nations as it gears up for membership in the European Union (E.U.). With the world's 17th largest economy and a solid commitment to structural reforms and modernization projects, Turkey's vast natural and human resources offer investors a comprehensive range of opportunities.

An E.U.-accession country since 2005 and a member of the E.U. Customs Union since 1996, Turkey has recovered spectacularly from the financial crisis that threatened to engulf it in 2001. Foreign direct investment (FDI) worth \$18.2 billion in 2008 is a clear indicator of increased investor confidence.

A highly important energy corridor between two continents, Turkey's main competitive advantages include low labor and production costs, and a high standard of transportation, energy, and communications infrastructure. The country's strategic proximity to Asia and Africa is also a key element. The business-friendly policies of the government have resulted in a massive rise in exports since 2002 as it builds bilateral trade ties with countries around the world.

President Abdullah Gül sees Turkey as a "very valuable asset" for the E.U., bringing much greater "depth and dimension" to the union. "Our main foreign policy is about security and stability, and that generates economic development and cooperation," he says.



Abdullah Gül
President



Mehmet Şimşek
Minister of Finance



Aldo Kaslowski
President
TÜSIAD Int.



One of VakıfBank's new, modern and customer-focused branches.

Turkey's innovative approach of diversifying its products and markets has been a huge success. Two decades ago, it exported to 174 markets, a number that by 2008 had grown to 218. "There has been a strategy to diversify both products and markets," Finance Minister Mehmet Şimşek explains. "Trade with Africa and our neighbors has risen dramatically, and our regulations, institutions, and business practices are similar to Europe as we increasingly model Turkey on E.U. countries."

As Turkey's economy has prospered, the fortunes and levels of responsibility of the Turkish Industrialists' and Businessmen's Association—TÜSIAD International, a leading private sector group—have increased. Founded in 2001, the association

www.superonline.net

SUPERONLINE

**SUPERONLINE: THE ULTIMATE
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improves the competitiveness of private sector companies and contributes to the development of national economic policies and international bilateral economic relations. TÜSIAD president Aldo Kaslowski says: "Our vibrant and strategically-located market will strengthen the E.U.'s global reach in the face of competition from the Asia-Pacific economic zone. We are the world's sixth-largest cement producer, second-biggest flat glass producer, the largest boron mineral producer, the second-largest jewel exporter, and the sixth-biggest clothing exporter."

As the umbrella organization for 45,000 exporters, the Turkish Exporters Assembly (TIM) is a solutions center for export-related problems that oils the cogs of coordination between public and private sector organizations and decision-makers. Exports from Turkey reached \$132 billion in 2008—an impressive total that generated 17.3% of the country's GDP—but the government wants that figure to climb to \$500 billion by 2023. "More than 90% of total production in Turkey is realized by small and medium-sized enterprises," says TIM chairman Mehmet Büyükeksi. "Exports have been the main driver of Turkey's positive and stable economic growth, and we are very optimistic about our future prospects."

A Solid Banking Sector

One of Turkey's most successful financial institutions, VakifBank, has helped revolutionize the rapidly growing sector through

the use of modern technology and an extensive branch network. Headed by CEO Bilal Karaman since 2005, VakifBank has become Turkey's sixth-largest bank in terms of asset size, with nearly 10,000 employees and more than 520 domestic branches, plus offices in New York and Bahrain, and branches in Austria and Germany.

VakifBank's operating income jumped 10% in 2008 on the back of a successful restructuring program and strong growth across all divisions, thanks to its strict lending policies and effective risk management systems. "Our vision to become one of the top three banks in Turkey is a long-term target that will definitely be realized as a result of strategic planning," says Karaman, who has ensured the state-owned bank takes a private sector approach.

"We have almost achieved our technological transformation and are building a customer-focused structure based on continuous change and improvement. Our risk control and collateral policies have provided good results in terms of credit quality, and we have been selective in terms of which sectors we have lent to."

VakifBank is focusing its attention on the domestic market and is closely following global developments as it plans to become an international player. "With its market size and demographic composition, Turkey is a very profitable investment destination that will have an extremely strategic position when

Electricity Giant Lights Up The Future With Turkey's Largest Geothermal Plant

One of Turkey's most important and reliable construction group affiliates, Gürmat Electric Generation Co. Inc. owns and operates the country's largest geothermal electrical energy power plant.

Established a decade ago by parent group Güriş Construction and Engineering Co. Inc., Gürmat is at the forefront of the energy sector, thanks to its state-of-the-art facilities at the Aydın-Germencik power plant.

The giant plant boasts production capacity of 47.4 mwe/h following the recent completion of its first phase of construction by Güriş. That figure will rise to 90 mwe/h as further building works are completed.

Güriş Group also plays a leading role in various energy-related fields and activities, including the commissioning and leasing of other power plants, together with the sale of energy to customers and businesses. It also liaises with other energy distribution and electrical energy production companies.

Gürmat's remarkable successes during the past decade can be attributed to the drive and determination of Güriş to be the best construction and engineering company not only in Turkey, but also in the region.

Founded in 1958, Güriş is now the umbrella organization for some 12 companies and nearly 6,000 workers. Its interests and portfolio include activities in such major infrastructure



47.4 mwe/h Aydın-Germencik Geothermal Power Plant.

sectors as dams and irrigation systems, cement plants, textile mills, and transportation projects such as roads, bridges, tunnels, underground systems, and light rail networks. The company, which also builds hospitals, hotels, housing estates, and commercial centers, is a major developer of vital pipeline projects through the construction of gas distribution systems and natural gas lines.

Güriş's varied and profitable business activities stretch across nearly four different commercial fields, sectors, and industries in Turkey and beyond. As a result, it enjoys a presence in markets throughout the Middle East and North Africa.

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a new global financial structure is established," Karaman says.

Finance Minister Mehmet Şimşek confirms the banking sector is in good health: "Our banks remain in very good shape. While the rest of the world was seriously suffering in 2008, the Turkish banking system was profitable, highly capitalized, and with good quality assets."

Established as a local bank in 1948, Akbank is the most valuable company in Turkey in terms of market capitalization and offers a wide range of retail, commercial, corporate, and private banking services. Its large domestic distribution network includes nearly 900 branches and more than 15,000 employees equipped with state-of-the-art technology and IT systems. Akbank's reputation as Turkey's most innovative and reliable bank is built upon a robust capital base that helped propel profits to \$1.17 billion in 2008, when it also benefited from a strategic partnership agreement with global banking giant Citigroup.

"The Turkish banking sector—thanks to its sound balance sheet and solid capital and deposit base—is stronger than most of our larger global counterparts. We believe that our balance sheet strength will create significant value for us in the long term," says Suzan Sabancı Dinçer, Akbank's chairman and executive board member. "It has always been part of our company's culture to ensure long-term added value for our stakeholders as well as for our country," she adds. "As

for Turkey, I believe that with the right fiscal and monetary discipline, we can come out of this current crisis even stronger and continue to attract FDI. Emerging markets like Turkey have great potential."

Financial services giant Türkiye İş Bankası (İşbank), Turkey's largest privately-run bank, has 900 branches across Turkey, operations in several European countries and a representative office in China. The company has pioneered change in several areas of the financial sector and plans to increase its international presence in the near future. "Last year was a successful one for İşbank, and we have big plans for the next few years, especially in the housing market, which is considered a strategic growth area," states İşbank deputy CEO Aykut Demiray. "Our target is to achieve 10% in asset growth. Turkey needs major new infrastructure that needs financing, and we will be carefully selecting some of these projects in order to fund them—but only with quality partners."

Milli Re, majority-owned by İşbank, is Turkey's only reinsurance company. Formed in 1929, Milli Re tripled its income between 2001 and 2008, and provides more than 25% of the domestic market's reinsurance. "We are dedicated to achieving long-term profitability through a diversified portfolio," director and general manager Hulki Yalçın says.

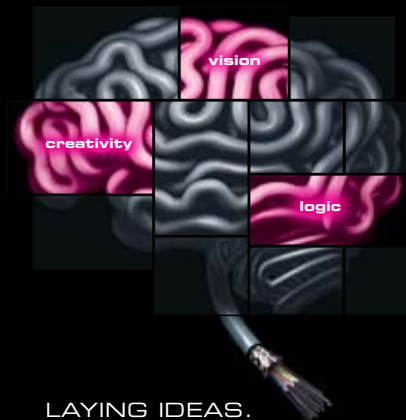
Garanti Bank, with consolidated assets of more than \$65 billion, is Turkey's second largest private bank by asset size and

Foreign Delighted Investment

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Garanti as their business partner in Turkey.



The world's favorite Turkish bank.



Tomorrow is our arena. Our goal is to connect leading
players in power and communications to whatever's next.



www.prysmian.com.tr

a winner of several prestigious industry awards, thanks to its outstanding commitment to customer care. With a leading presence in all business areas, Garanti is the country's largest lender and serves more than 8 million customers. The banking giant also runs 730 domestic branches and several foreign outlets. Executive vice president Tolga Egemen says: "Our key competitive advantages are that we have the best technology, the best people, and the best customer service."

Overseeing the four participation banks that operate 540 branches across Turkey is The Participation Banks Association of Turkey (TKBB). Similar to Islamic banks in other countries, participation banks adopt the unique model of sharing profits and losses with their customers. "There is demand for this model and we are financing import and export activities and investments," explains TKBB secretary-general, Osman Akyüz.

Unicorn, one of Bahrain's leading investment banks, offers a broad range of investment banking products and services to investors from the Gulf seeking exposure to Turkey. It entered the country in 2007 acquiring Unicorn Capital Turkey. Its business lines include corporate finance, private equity, real estate private equity, and asset management. "We are committed to being a leading local provider of innovative and well-structured investment banking products and services, and to serving as a conduit for Gulf capital seeking access to Turkey," says CEO, Şebnem Kalyoncuoğlu.



Mövenpick Hotel Istanbul, Turkey's leading business hotel.
www.moevenpick-istanbul.com

With such a large business community and financial services sector, first-class hotel accommodations in Istanbul's commercial district are at a premium. Rising up among the skyscrapers is the Mövenpick Hotel—named "Best Business Hotel in Turkey" in the 2008 World Travel Awards. "About 50% of our customers come from repeat business," states Frank Reichenbach, general manager and regional manager Turkey. "We offer guests the perfect stay in this exciting city."

Who's the king?

KING OF THE TURKISH CARGO SECTOR

Aras Cargo is a leading firm in the Turkish cargo sector. Today it is a 30 year old firm. With its extensive network of delivery points in Turkey, its more than 10,000 employees, its hi-tech equipment and its customised solutions for individual needs Aras Cargo is the most reliable and most preferred cargo firm.



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AKSA Energy Fuels Turkey's Future

Standing at the forefront of Turkey's fast-moving energy sector, AKSA Energy fuels the country's economic growth through its extensive range of power generation and gas distribution networks.

The dynamic company operates an impressive portfolio of thermal power stations, wind farms, and hydro-electric power plants, and has interests in associated distribution and sales operations.

Renowned for its innovative approach and highly trained staff, AKSA Energy is spearheading technological advances, thanks to its dedicated research and development units.

As a significant investor, the group continues to explore investment opportunities in Turkey, Europe, and beyond, with senior executives now looking to gain a foothold in the lucrative and competitive U.S. power sector.

"We have always dreamed of entering the U.S. market and the global economic crisis has created opportunities for us to achieve this aim, especially as there is a lot of support for renewable energy," says AKSA Energy chairman Mehmet Kazancı.

"We are the partner of choice for global companies as we are stable, competitive, and have the expertise and knowhow to work efficiently in the domestic market.

"We are building new power plants, upgrading existing ones, and are looking to form partnerships with leading international companies."

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A Booming Base for Business

Communications, tourism, and real estate continue to spur growth in Europe's cultural jewel.

With such a young and tech-savvy population, the Information and Communications Technology (ICT) sector in Turkey—estimated to have enjoyed revenues of \$31 billion in 2008—is extremely important and has been given priority development status by the government.

Industry analysts see continued double-digit growth this year in the 12th-largest market in the world. Liberalized in 2004, heavy investment in new technology, networks, and equipment has created an estimated 19 million fixed telephone lines and more than 60 million mobile phone lines. Faster Internet connection, digital TV services, and other business services are playing a primary role in the country's success, as is a government plan to attract research and development (R&D) departments of global corporations.

The Prysmian Group, a leading player in the industry of high-technology cables and systems for energy and telecommunications, posted sales of more than \$7.1 billion in 2008. The firm has 53 plants in 21 countries, seven R&D centers and more than 12,000 employees. Türk Prysmian Kablo ve Sistemleri A.Ş., one of its most important cable-making plants, enjoys an enviable reputation built on innovation, technology, quality, and customer satisfaction.

Prysmian performs "turn-key" projects for fiber-optic cables and systems, and is the owner of unique terminal, mechanical, and electrical R&D laboratories. "The installed capacity of Türk Prysmian Kablo ve Sistemleri A.Ş. meets nearly all of the domestic market demand, and it is also at a level to compete in the international market," says CEO, Francesco Fanciulli.

Counting many of Turkey's leading banks among its large number of blue-chip clients, IT solutions provider Servus enjoys a substantial market share as it helps firms cut operating



LC Waikiki, the fashion retail leader in Turkey. www.lcwaikiki.com

costs by up to a third. Servus employs more than 600 highly skilled technicians and a subsidiary is dedicated to achieving IT solutions for the defense industry. Servus general manager, Hakki Eren, says: "We have been selling systems for more than 20 years. With new technology allowing the storing of multiple amounts of data, companies have been investing more in hardware."

Boasting an extensive range of state-of-the-art technology and networks, Superonline is one of Turkey's largest and most innovative telecommunications providers. Part of the Turkcell group, it was created through the May 2009 merger of Internet services provider Superonline and fiber-optic network owner Tellcom. Its arrival heralded a new era in communications for millions of residential and corporate customers.

Superonline general manager Murat Erkan says: "Our services are used by 25% of the top 500 companies in Turkey. Another key market is the international carrier business where we have partnerships with different service providers in Russia, Commonwealth of Independent States, and the Middle East."

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As Erkan observes, major investment is helping reduce the gap in levels of technology between Turkey and other European countries. "We are increasing our market share during an economic crisis and have brought better prices and services to customers," he says.

A Cultural Showpiece

With tourism playing an increasingly important role in Turkey's economy, and as the main gateway to its many natural, historical, and cultural charms, Istanbul is looking forward to its role as European Capital of Culture 2010. The title gives the bustling city of 13 million people a golden chance to showcase its cultural talents, raise its profile, and use the excitement as a catalyst for further socioeconomic development. Nearly 7.5 million tourists visited Istanbul in 2008 and officials expect that figure to reach 10 million next year. More than 110 new luxury hotels are being constructed to meet the demand, and the government is investing huge amounts of money in improved transport and telecommunications systems.

The Istanbul 2010 European Capital of Culture (ECOC) agency was established to coordinate activities in the city, with the main focus divided between artistic and cultural projects, and architectural and heritage conservation projects. "We want to highlight the cultural heritage that Istanbul already possesses, and this project is an important opportunity to do

so in a more systematic and efficient way," says Şekib Avdagiç, ECOC chairman.

Avdagiç highlights the discovery of the Yenikapı archaeological site where items dating back 8,300 years provide evidence of Istanbul's depth of history and culture. He is also delighted at the support the ECOC has received from companies. "The private sector has been a big supporter of this project via sponsorship and we hope to gain financial benefits in a number of different ways," he says.

In the meantime, Istanbul's reputation as a leading business conference venue continues to grow, with the affordable five-

"The private sector has been a supporter," Şekib Avdagiç, Chairman, ECOC 2010

star luxury Hyatt Regency Hotel a preferred option for both local and international groups. Offering efficient service and excellent facilities for small- to mid-size events, the 360-room venue is conveniently located in the Taksim business district.

Turkey's tourism sector is also flourishing outside of Istanbul. Founded in 1967 and now firmly established as a leading operator, Marti Hotels and Marinas enjoys strong brand awareness and boasts a capacity of 2,200 beds and a large

The Rising Star of Participation Banking

Operating in Turkey since 1985, Albaraka Türk has a significant place in the Turkish banking sector and creates considerable value for the real economy.

The first participation bank in Turkey, Albaraka Türk has followed the interest-free banking model since its inauguration. It has also become the flagship of Albaraka Banking Group (ABG) with its successful operations, especially in recent years.

As Albaraka Türk general manager, Adnan Büyükdenez, explains, interest-free, participation banking is not a substitute for the existing banking system but rather a complementary and integral part of the financial system. "This model has been proven to correspond to the specific needs of a portion of the population in Turkey that has otherwise remained outside the existing system," he says. "Although we still occupy a relatively minor share of the banking system—about 4% to 5%—when it is looked at in a qualitative manner, participation banking has become an indispensable part of the system."

Growing 31% per year since 2003, Albaraka Türk aims to have about \$8-9 billion in deposits and a balance sheet of more than \$10 billion within five years.

Albaraka Türk

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5 STAR INVESTMENT

Boasting luxury resort accommodation and world class facilities, Marti Hotels & Marinas is Turkey's best resort hotel chain and the first tourism company to go public. Building on this success and experience, the group's Real Estate Investment Trust, Marti GYO, focuses on hotel and marina investments, helping its valuable clients unlock hidden asset value through solid financial performances.



Marti Hotels & Marinas

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Izmir Adnan Menderes International Airport. www.tavairports.com

marina for hundreds of yachts. Dedicated to providing guests with first-class service, Marti is listed on the Istanbul Stock Exchange and has a Real Estate Investment Trust with plans for major property developments. These include a project for 4,000 houses near the capital and boutique hotel investments close to the coastal city of Izmir. "We always have new projects coming up, and are open to viable new investment opportunities," comments Oya Narin, Marti Hotels and Marinas chairman.

"One of our upcoming investments is valued at \$40 million so we are looking for investors and strategic partners to develop this project. International partners need a firm like us because we are a medium-sized chain and public company, which is good for both sides as it offers the best growth opportunities."

Known as the pearl of the Aegean Sea, Izmir is Turkey's third-largest city and an increasingly popular tourist destination. To meet demand, state transport authorities have invested heavily in the city's Izmir Adnan Menderes International Airport. Run by TAV Airports Holding, the modern airport handles up to 80 flights a day during peak periods when passenger numbers can reach more than 10,000. During 2008, international passenger traffic rose to 1.7 million, up from 1.6 million the year before.

Thanks to the fact so many tourists have bought holiday homes and real estate in Turkey, the sector is full of investment

opportunities. Founded in 1997, Y&Y Real Estate Investment Trust invests in real estate projects, property backed rights, and real estate-backed capital market instruments. Led by general manager Işık Gökçaya, the firm plans to develop qualitative projects in the property sector. "Our company was prepared for the global economic crisis and is ready to cope with it," he says. "We are preparing projects for the middle and upper-middle income group, and have the advantage of a foreign partner."

A Growing Middle Class

As a result of rising income levels and higher standards of living, consumer spending in Turkey has embarked on an upward curve, with retailers among the many companies to benefit from this increase in wealth. Retail giant Tema Mağazacılık, owner of the popular clothing brand LC Waikiki, posted a strong sales growth of 46% in 2008, having enjoyed a similar rise in turnover the previous year. Its clothing categories include men's, women's, and children's apparel, with Tema Mağazacılık ranking 60th in the 2008 edition of the Fortune Turkey 500 list.

The knock-on effect of this growth in spending has brought opportunities for logistics firms too. Leading freight company ARAS Cargo, delivers goods to more than 6 million residential and business customers a month via a distribution network comprised of 10,000 employees and 3,500 vehicles. Owned by parent ARAS Holding, the firm recently celebrated its 30th anniversary and has major expansion plans for Europe, Africa, and the Middle East.

"We have excellent IT systems and are very competitive," says chairperson Evrim Aras Sağıroğlu. "Turkey has a difficult geography, which means local knowledge and expertise is very important. Our brand and service is the best and the next 30 years will be better for Turkey. In a global environment, ARAS is the best brand for global transportation."

With so many business success stories and competitive advantages, Turkey is clearly on the right track for E.U. membership. As President Gül concludes: "It would be a win-win equation for both sides. We will bring other European countries closer to energy resources [from the region and beyond]. Investors will see Turkey as an island of security within the whole area." ●

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