



2008 Annual Report

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T-BANK

**2008
ANNUAL REPORT**



Financial Highlights and Key Ratios

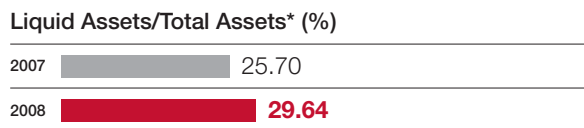
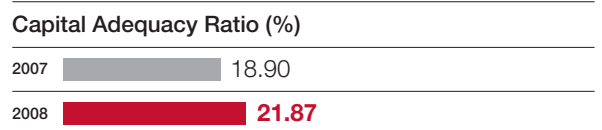
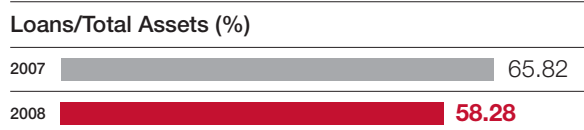
Financial Highlights (YTL thousands/US\$ thousands)					
	2008		2007		Change
	YTL	US Dollars	YTL	US Dollars	%
Total Assets	1,020,632	665,123	636,452	548,997	60
Loan Portfolio	594,796	387,616	418,905	361,343	42
Securities Portfolio (Net)	101,862	66,381	127,212	109,732	(20)
Banks/Money Market Placements	218,687	142,514	20,127	17,361	987
Total Deposits	577,887	376,596	331,470	285,923	74
Funds from Repo Transactions	7	5	22,032	19,005	(-)
Borrowings	203,737	132,771	146,005	125,942	40
Shareholders' Equity	207,302	135,094	105,858	91,312	96
Guarantees and Collaterals	651,951	424,862	378,326	326,340	72
Net Interest Income	51,508	33,567	26,171	22,575	97
Net Commission Income	9,544	6,220	5,452	4,703	75
Profit before Taxes	621	405	641	553	(3)
Net Profit	836	545	602	519	39



During 2008, T-Bank maintained healthy and stable growth based on its sound financial structure and with the support provided by its shareholders as it consolidated customer loyalty through superior service quality.

Key Ratios (%)	2008	2007
Capital Adequacy Ratio	21.87	18.90
Loans/Deposits	102.93	126.38
Loans/Total Assets	58.28	65.82
Liquid Assets/Total Assets*	29.64	25.70
Non-performing Loans (NPL)/Total Loans	0.58	0.15
Non-performing Loans/Total Assets	0.34	0.10
Specific Loan Provisions/NPL	77.79	93.24

* Includes securities portfolio.



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Brief History

Established in 1985 as the Istanbul Branch of Bank of Bahrain and Kuwait, the Bank was converted to an independent entity in 1991 as Bahrain and Kuwait Bankası A.Ş. Following acquisition by the Doğu Group in 1992, it was named Garanti Yatırım ve Ticaret Bankası A.Ş. The Bank was purchased by Mehmet Nazif Günel in 1997; the name was changed to MNG Bank.

In 2006, Arab Bank and BankMed reached a mutual agreement with Mehmet Nazif Günel for the acquisition of 91% of MNG Bank's shares. The sale transaction was approved by the Turkish Banking Supervision and Regulation Agency on December 29, 2006. In January 2007, the share transfer was completed and Arab Bank and BankMed purchased 50% and 41% of MNG Bank shares, respectively.

On April 3, 2007, the Bank's name was changed to Turkland Bank A.Ş., or as it is known in its abbreviated form: T-Bank.

T-Bank benefits from the long-standing banking experience that Arab Bank and BankMed bring to the Bank. Its new partners began banking in the 1930s and have a long track record in the areas of retail and corporate banking. The synergy created with shareholder banks is surely an asset for the Bank and its clients.

Today, T-Bank continues to grow with the addition of SME banking to its business portfolio, while maintaining focus oriented toward corporate and commercial banking, the area of concentration during the previous ownership structure as well.



In 2006, Arab Bank and BankMed reached a mutual agreement with Mehmet Nazif Günel for the acquisition of 91% of MNG Bank's shares. Today, T-Bank continues to grow with the addition of SME banking to its business portfolio, while maintaining focus oriented toward corporate and commercial banking, the area of concentration during the previous ownership structure as well.

Amendments to the Articles of Association

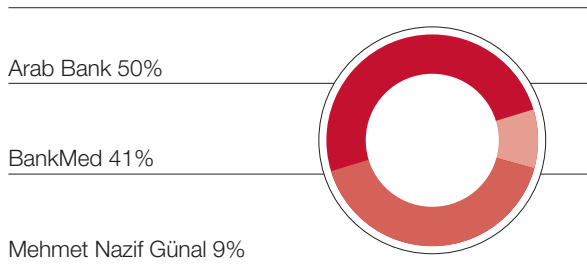
Amendments to Turkland Bank A.Ş. Articles of Association

Former Version	Amended Version
<p>Capital Article-7</p> <p>a) The Bank's capital is 70,000,000 (seventy million) New Turkish Liras (YTL). The capital is divided into 700,000,000 (seven hundred million) registered shares, each with a nominal value of 10 (ten) New Kurush.</p>	<p>Capital Article-7</p> <p>a) The Bank's capital is 170,000,000 (one hundred seventy million) New Turkish Liras. The capital is divided into 1,700,000,000 (one billion seven hundred million) registered shares, each with a nominal value of 10 (ten) New Kurush.</p>
<p>b) 35,000,000-(thirty five million) New Turkish Liras of the capital has been wholly paid up. The increased YTL 35,000,000 (thirty five million) portion has been completely subscribed free from any collusion. The increased cash capital will be paid up within three months of the date of registration.</p>	<p>b) 70,000,000-(seventy million) New Turkish Liras of the capital has been wholly paid up. The increased YTL 100,000,000 (one hundred million) portion has been completely subscribed free from any collusion. Two thirds (2/3) of the increased cash capital shall be paid on a date specified by the Board of Directors within three (3) months of the date of registration. The remaining one third (1/3) of the increased cash capital shall be paid again on a date specified by the Board of Directors within nine (9) months of the date of registration</p>
<p>c) The dividend coupons for the share certificates are bearer instruments and shall be payable to the person who submits them. The dividends for the share certificates granted to the registered shareholders before issuance of the share certificates shall be payable in return for a receipt and upon endorsement on the back of the certificate.</p>	<p>c) The Board of Directors is authorized to call and notify the exact date for the payment of increased capital within the period specified and notifications are made by registered mail with return.</p>
<p>d) The share certificates shall be issued upon the resolution of the Board of Directors in denominations that represent one or several shares.</p>	<p>d) The dividend coupons for the share certificates are bearer instruments and shall be payable to the person who submits them. The dividends for the share certificates granted to the registered shareholders before issuance of the share certificates shall be payable in return for a receipt and upon endorsement on the back of the certificate.</p>
	<p>e) The share certificates shall be issued upon the resolution of the Board of Directors in denominations that represent one or several shares.</p>



Shareholder and Capital Structure

Through a resolution by the General Assembly dated February 12, 2008, the shareholder structure of T-Bank was amended as follows:



Arab Bank	849,999,995 shares (representing 50%)
BankMed	696,999,995 shares (representing 41%)
Mehmet Nazif Günel	153,000,000 shares (representing 9%)
Others	10 shares
Paid-in capital	YTL 170,000,000

Arab Bank

Arab Bank was established in 1930. Its founding mission and driving force has been to play a significant role in advancing Arab economies through financing strategic projects across the Middle East and North Africa (MENA). The Bank is a key player in facilitating Pan-Arab trade and connecting the world to MENA markets.

Headquartered in Amman, Jordan, Arab Bank is now in its eighth decade of operation. It maintains a leading global network and enjoys a prominent position in MENA regional centers including Dubai, Manama, Doha and key international financial centers including London, Zurich, Frankfurt, New York, Singapore and Sydney.

With the world's largest Arab banking branch network and a global team of professionals, Arab Bank is uniquely positioned to be the partner of choice for MENA expertise. The Bank is a diversified financial institution that extends a broad range of products and services in areas such as corporate and investment banking, wealth management and retail banking, all of which cater to the international needs of corporate and institutional customers, government agencies and individuals.

The global network of the Arab Bank Group covers over 500 branches in 30 countries spanning five continents: Jordan, Lebanon, Palestine, UAE, Qatar, Bahrain, Yemen, Egypt, Morocco, Algeria, Oman, Saudi Arabia, Tunisia and Syria. The Bank also operates in Switzerland, Germany, Austria, the United Kingdom, France, Italy, Spain, the USA, Singapore, China (Shanghai and Hong Kong), South Korea, Kazakhstan, Australia and Turkey. This branch network is based on the Bank's long-standing strategy to build a presence in regions that best fit the overall vision of Arab Bank and its goal, to be the leading financial institution in the Arab World.



With the capital injection of YTL 100 million in 2008, T-Bank is one of the most adequately capitalized banks in the sector. The Bank owes the rapid growth and high performance achieved last year mainly due to the strength and support of its shareholders.

BankMed

Originally established in 1944, BankMed is headquartered in Beirut. It is one of the largest banks in Lebanon in terms of total assets and had an estimated market share of over 9% by the end of 2008. Retail banking, corporate finance, wealth management, brokerage and investment banking are a few of the many services BankMed and its subsidiaries provide. BankMed's overseas operations extend to subsidiaries in Switzerland engaged in traditional private banking activities, in Saudi Arabia involved in investment banking and asset management, as well as a branch in Cyprus, in addition to T-Bank in Turkey.

BankMed is wholly owned and controlled by the Hariri Family, the owners of the Saudi Oger Group, through their shareholdings in GroupMed S.A.L. Holding. As of the end of 2008, BankMed had total assets of an estimated US\$ 9.6 billion, customer deposits of approximately US\$ 7.4 billion and total loans of about US\$ 3.1 billion. The Bank has a total client base of almost 100,000 customers and employs 1,530 individuals.

The Saudi Oger Group is a major Middle Eastern financial and industrial conglomerate whose investments include a controlling interest in Turk Telecom. As of mid-2008, the Saudi Oger Group had total gross assets in excess of US\$ 33 billion.

BankMed has implemented an expansion strategy that will enable it to enter selected high-growth markets in the region. The strategy aims at diversifying sources of income and increasing shareholder value. The target markets carry strategic importance and provide BankMed with the platform to establish itself as a key player in the regional financial system.

Shares Held by the Chairman, Members of the Board, CEO and Executive Vice Presidents of the Bank

The aforementioned people do not hold any share in T-Bank as of December 31, 2008.



The economic crisis that began in the US has gained momentum since September 2008, deeply affecting financial markets around the globe at first and then affecting the real economy. During this uneasy period, T-Bank has taken precautions to protect itself from the adverse effects of the crisis, but at the same time continued to achieve its financial and operational strategic targets.

Chairman's Message

The economic crisis that began in the US has gained momentum since September 2008, deeply affecting financial markets around the globe at first and then affecting the real economy. During this uneasy period, T-Bank has taken precautions to protect itself from the adverse effects of the crisis, but at the same time continued to achieve its financial and operational strategic targets in finance and operations.

The global economic picture has turned significantly bleaker in the last quarter of 2008. While financial markets still enjoyed excess liquidity in the first three quarters of 2008; a continued international appetite for high risk and an ever-increasing growth rate in commodity prices caused the tides to turn sharply in the last quarter of 2008 as the financial crisis, stemming from the burst of the US housing market bubble, set in. It spread rapidly, impacting developed markets at first, then spreading to developing economies. As a consequence, the global economy came close to the brink of recession due to rapidly declining growth rates brought on by the loss of confidence, shortages of credit and contracting demand. Thus, countries all over the world have begun taking various measures to weather the successive storms of bankruptcy and downward spiraling markets; these measures were valued at approximately US\$ 6 trillion by the end of the year.

The Turkish economy has felt the impact of the crisis to a lesser extent than other countries particularly those in Eastern Europe; its well-maintained policy of monetary discipline and the immunity that the banking sector has built up since the 2001 crisis have played an important role. The fact that the housing and derivatives markets have not been fully developed in Turkey, the high liquidity of its banks, the low NPL rates and the strong capital structure have spared the Turkish economy from the worst effects of the crisis.

The Bank has gone through a period of considerable transformation since 2007. This includes a change in ownership structure and a major human resources

reorganization, a move to the new headquarters in Istanbul, along with the expansion and upgrading of the branch network-from 16 in 2007 to 25 locations in the major commercial centers during 2008. Besides its commercial and corporate operations, T-Bank has concentrated particularly on Turkey's growing SME market and we have significantly grown our operations in this segment during the course of 2008. The achievement of these objectives was made possible, in large part, by the enhancement of our organization through the expansion of our team of staff from 390 last year to 457 employees in 2008 in key areas of the Bank.

T-Bank has remained focused on achieving the targeted growth set out at the beginning of the year. A capital injection by T-Bank's shareholders totaling YTL 100 million, during 2008 has been instrumental in the Bank's progress towards reaching its goals, thus significantly contributing to its standing as one of the strongest in the sector in terms of capital adequacy.

We are proud to have lived up to these standards and continue to add to our reputation both at home and within the regional banking arena. Through an effective approach to risk management and sensible banking discipline, the Bank has managed to insulate itself quite well from the effects of the crisis. With a sound capital base, prudent banking operations and a well-established network hosting a solid team of employees; T-Bank looks forward to the continued development of its business in the year ahead.

In conclusion, I would like to thank the dedicated team of employees for their hard work, the Board members for their valuable support and above all, our clients for their continued loyalty and business.

Nemeh Sabbagh
Chairman



Despite uncertainties in international markets, T-Bank paid the US\$ 100 million syndicated credit, raised another US\$ 120 million in August, with the participation of 22 banks representing 12 countries around the world. The international banking community's show of confidence and commitment is another strong endorsement of T-Bank's standing and performance.

CEO's Message

During a period where confidence has been a foremost concern in financial markets all over the world, T-Bank's shareholders took a bold decision to inject an additional YTL 100 million in capital, thus raising the Bank's shareholders' equity to YTL 170 million. The strength provided by the Bank's capital base has allowed it to decisively and successfully continue the three-year growth strategy implemented since 2007.

In addition to corporate banking, T-Bank has focused more intently on growing its share of the small and medium sized enterprise (SME) sector in 2008, particularly in high-potential regions, all ear-marked as targets the year before. T-Bank's vision is to become a major player in the sector by establishing itself as a partner in providing solutions and suitable alternatives for the companies' long-term growth plans. The implementation of T-Bank's growth strategy in the SME market has been greatly facilitated by the expansion of our branch network, from 16 in 2007 to 25 locations in 2008 and the corresponding increase in our team of employees; currently numbering 457.

A second pillar of T-Bank's growth, assisted significantly by its shareholders, has been the expansion of its foreign trade financing activities in Middle Eastern and North African markets. By placing particular emphasis on companies with a high trading volume, the Bank was able to boost its own trading volume by 70% during 2008, as compared with the previous year.

In light of current global conditions, T-Bank has made sure that the effective implementation of sound risk management is an essential component of its operational strategy. Thus, the Bank has accelerated the development of a rating system in compliance with Basel II regulations, to take effect in 2009. A conservative approach to risk along with a corporate management policy founded on transparency and accountability, are both important fundamental elements of our three-year growth strategy.

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An important objective for the year ahead will be to continue growing our SME banking activities. This will be managed carefully, being mindful of maintaining asset quality and providing personalized customer service.

The Board of Directors and shareholders of T-Bank provided unwavering support and guidance since the takeover in 2007 and in many respects have overseen the Bank's expansion. Moreover, the excellent team of professionals at T-Bank, many of whom are extremely well qualified in their respective sectors, are entrusted with the tasks of achieving targets and implementing the strategy we set as an organization. It is for their continued dedication and commitment to our success that I extend my sincere thanks and look forward to growing the Bank with them from strength to strength in 2009.

Sincerely,

Dinçer Alpman
CEO



T-Bank as a Niche Bank

T-Bank has established a wide presence in Turkey; and the clientele is currently served by a team of 457 dedicated employees, stationed in 25 branches located throughout all the major industrial and financial centers in Turkey.

The Bank specializes in the commercial business sector as well as small and medium-size enterprises (SMEs) banking services and is one of the fastest growing niche banks in this sector. Nevertheless, it offers a comprehensive range

of services to suit all its clients' banking needs; including treasury and cash management, investment and trade finance. Personal banking services are also available for the managers and shareholders of T-Bank's corporate clients. The well-developed correspondent banking network of its majority shareholders in the MENA region enables T-Bank to further expand the scope of its services; while concurrently fostering sound relationships with leading global banks.

Sectoral Breakdown of the Loan Portfolio as of December 31, 2008 (YTL thousands)

Sector Loans	Cash		Non-Cash	
	Loans	%	Loans	%
Agriculture	25,405	4.30	15,549	2.28
Farming	19,292	3.26	13,172	1.93
Forestry	6,005	1.02	2,347	0.34
Fishing	108	0.02	30	0.00
Industry	324,188	54.82	285,214	41.76
Mining and Quarrying	69,261	11.71	106,035	15.52
Manufacturing	254,692	43.07	178,281	26.10
Power, Gas, Water	235	0.04	898	0.13
Construction	32,545	5.50	231,919	33.96
Services	185,583	31.38	135,245	19.80
Wholesale and Retail Trade	59,886	10.13	43,847	6.42
Hospitality	24,541	4.15	1,017	0.15
Transportation and Communication	49,731	8.41	33,021	4.83
Financial Institutions	9,183	1.55	42,892	6.28
Real-Estate and Leasing Services	33,139	5.60	332	0.05
Self-employed	7,253	1.23	9,375	1.37
Education Services	300	0.05	16	0.00
Healthcare and Social Services	1,550	0.26	4,745	0.69
Other	23,635	4.00	15,085	2.21
Total*	591,356	100.00	683,012	100.00

* NPL's are not included.



As a young, mid-scale bank with a niche market, T-Bank has a high-growth perspective with an effective risk management approach coupled with prudential banking discipline. The well-recognized strength of its shareholders in the international financial arena provides a solid base for the healthy development of T-Bank.

Review of Operations in 2008

A cohesive organization

The advantage T-Bank derives from operating as a niche bank is its ability to respond to changes in client needs in an effective and timely manner. As a mid-scale bank, its decision making process always takes into consideration close relationship with the client.

By 2008, the major organizational restructuring initiated the year before was completed allowing the Bank to proceed with its corporate/commercial, retail and SME operations with greater efficiency. During the restructuring, the Bank maintained close ties with its loyal customer-base, whose valuable feedback allowed it to implement the reorganization and consequent expansion of its market share without losing focus on their needs.

T-Bank consistently seeks to grow its portfolio through proactive marketing that targets all components of the supply chain, with the aim of capturing additional suppliers and customers.

Comprehensive branch network

The addition of nine branches during 2008 (Adana, Ostim, İkitelli, Levent, Caddebostan, Dolayoba, Gaziantep, Kayseri and Denizli), increased the T-Bank network to 25 conveniently situated locations. The location of each new branch was chosen for the intensity of economic and trade activity in the area, so as to reach as many of T-Bank's targeted customers as possible.

Regional synergy

Strong ties with Arab Bank and BankMed in the MENA countries creates significant network synergy for T-Bank across the region. This is enhanced by Turkey's maintenance of good trade relations with its neighbors and other regional partners. The know-how and experience accumulated by its shareholders in the region presents a unique opportunity for T-Bank to better serve its customers.

Segmentation

T-Bank's target market in the SME sector includes local trade companies, suppliers and manufacturers that are small and medium sized firms generating an annual turnover between US\$ 1-7.5 million.

On the other hand, T-Bank's corporate/commercial business line focuses on clients with higher turnover and with substantial foreign trade activities. The bulk of these clients are those involved in tourism, construction, energy, logistics and health care services.

A sound and profitable loan portfolio

T-Bank's broad and diversified client portfolio is chosen based on a range of factors including their creditworthiness and profitability. We believe that maintaining a sound and profitable portfolio is essential for both the Bank's and its customers' growth. For this reason, the Bank has diversified its loans across a variety of sectors and amongst a larger customer base.

Cash management services

T-Bank maintains a client base large enough to ensure the profitability of its cash management services. Effective cash management services are an important tool, which supports the growth of its corporate banking activities and provides an additional source of income through commercial deposits.



Corporate & Commercial Banking

T-Bank's corporate & commercial banking services target clients with annual turnovers exceeding US\$ 7.5 million.

T-Bank's approach to corporate and commercial marketing activities involves creating long-term value for its shareholders and all stakeholders by maintaining profitability and sustainable growth. By targeting high growth potential customers across different sectors, the Bank has successfully developed a diverse client portfolio, especially around our branch locations, in industrialized areas where economic activity is strong. The 65 experienced staff members of the Corporate and Commercial Division have been instrumental in attracting new business and further growing the Bank's portfolio within this sector.

Another T-Bank strength is its shareholder structure. The shareholders provide indispensable support and have guided the development of the Bank's foreign trade transactions to and from the MENA region. The Bank has also strengthened its correspondent bank network in the MENA region via the facilities of Arab Bank and BankMed. By focusing more concertedly on companies with high levels of foreign trade activity, T-Bank increased its foreign trade transactions volume by 70% in 2008.

SME Banking

T-Bank defines SMEs as companies that have an annual turnover of between US\$ 1 million and US\$ 7.5 million, be they private/incorporated enterprises or sole proprietorships. Clients within this segment are offered "boutique" banking services and products tailored to their specific needs. The Bank's pricing policy is flexible and dependent on product/projects evaluations and sector assessments. Seasonal and monthly credit alternatives are also offered according to the cash flow needs of the client. Rather than establishing a reputation as a bank that provides inexpensive low quality service, T-Bank seeks to become a solution partner for SME clients, offering appropriate solutions for their mid-to-long term growth plans.

By maintaining a strong capital base, T-Bank will be able to grow its SME banking activities in the period ahead. The Bank's holistic growth strategy targets dynamic industrialized urban locations in Turkey where economic activity is intense and growth potential is strong. T-Bank confidently targets SME-banking opportunities in these locations based on client segmentation and the results of detailed market, credit and risk analyses. With their professional experience and customer-centric approach, the expert SME banking team is considered one of T-Bank's assets.

T-Bank sees itself in symbiotic relationship with each individual SME client; developing sound and custom made solutions for their growth strategies. By staying up to date with client needs, T-Bank portfolio managers are able to consistently offer relevant and effective solutions to suit the changing requirements of the SME market. The portfolio managers also provide detailed and valuable feedback to customers about anticipated threats and opportunities; with a view to dedicating the full range of the Bank's facilities and their expertise to match the clients' needs and expectations.

T-Bank extends credit facilities to a growing pool of clients operating in healthy and vibrant industries in the SME sector. The loan allocation process takes into account the profitability and efficiency of the prospective client's operations; while reviewing the soundness and sustainability of the business as a whole. Needless to say, the Bank considers credibility and commitment to ethical practices to be of utmost importance in the credit decision process.

In 2008, nine additional branches were opened across Turkey's most industrialized, fastest growing locations, bringing the network total to 25 branches. This was undertaken as part of T-Bank's three-year strategy, initiated in 2007, to grow its SME business by expanding its branch network into areas with high growth potential and intends to triple its client portfolio by 2010. To this end, the SME Banking department has signed new agreements with the Chamber of Industries in various regions and cities in Turkey. As these contracts are put into effect, the Bank's SME customer base and loan volume will be significantly



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increased. Four specialized departments were established: corporate/commercial, SME, construction contracting and individual loans; each responding to credit requests from different sectors. The credit approval process has been streamlined and the Bank is now able to respond in a timelier and more effective manner to customer demands in all branches.

The Credit Monitoring Unit, part of the Credit Allocation Department, oversees all the phases of the loan application/approval process and compiles all the necessary internal and loan monitoring reports.

T-Bank places great emphasis on the enhancement of its early Warning Model to identify potential risk and take the necessary corrective measures in advance. A new, advanced software suite is currently being developed that will consolidate and rate potentially negative information; thus improving the accuracy of the Bank's credit assessment process.

Score card model

In 2008, T-Bank began using a new Basel II compliant Credit Scoring Model created for SMEs and corporate/commercial businesses, by a consulting company and an authorized distributor of a major international firm.

The new model will allow for faster receipt and processing of both the credit application and of external information. The score card results in combination with a regular full fledged credit analysis will be used in making credit decisions. In 2009 new credit application and decision-making processes, supported by the scorecard application, will be implemented.

Credit policy

T-Bank's credit policy is being constantly amended to ensure that the following three objectives are reached:

- The safety and integrity of depositors' funds
- The preservation of the Bank's liquidity
- The realization of a satisfactory profit

The Credit Policy Manual is intended as a guide for the application of sound credit procedures and to provide the Bank's management with direction in formulating sound credit decisions. The manual also serves to communicate a standardized approach, at all levels of the Bank, on credit risk issues related to customers and other counterparties.

Industry Risk Asset Acceptance Criteria (RAACs)

The purpose of using Industry Risk Asset Acceptance Criteria is to convey T-Bank's growth strategy to the customer relationship teams, so they develop their business in-line with the Bank's general expansion plans. RAACs have already been applied to the major industries, while those for smaller segments are currently being prepared. Industry Risk Asset Acceptance Criteria outline the Bank's risk appetite level and policy with respect to targeted industrial sectors in the market.

Treasury

Functions

The Treasury Department carries out the Executive Management's investment decisions in money and capital markets.

The Department's principal functions include the management of the Bank's liquidity position and overseeing its assets and liabilities in terms of maturity and interest rates. Treasury also supervises the foreign exchange position and securities portfolio; which contribute to the profitability of the Bank.

Guidelines

T-Bank's Treasury Department executes the policies adopted by the Board of Directors. It is responsible for ensuring that the Bank maintains:

- a high level of liquidity,
- a low ratio of securities as a percentage of its total assets and
- a foreign exchange position within prudent limits.

The Treasury takes only measurable risks based on a thorough assessment of potential losses.



Securities' trading has been particularly profitable in the past. However, for the period ahead, the Treasury Department will deal in securities within the pre-set limits and based on market conditions. It is acting in alignment with the Bank's strategic plan to decrease the weight of its securities portfolio and concentrate more on customer loans.

Financial Institutions

Long-lasting financial relationships- Correspondent Banking

The Financial Institutions Department maintains regular communication with correspondent banks, financial institutions, creditors and rating agencies to update them on T-Bank's financial performance and the latest developments in the Bank's operations. The support provided by Arab Bank PLC and BankMed SAL has helped T-Bank in becoming more active in the MENA region.

The number of correspondent banks with which the Bank has bilateral relations increased in 2008 with an even greater diversification in funding opportunities. T-Bank has been able to secure substantial bank limits from leading international banks and export credit agencies to meet its own financing requirements as well as its customers'. Apart from maintaining and nurturing relations with international and local financial institutions, the Financial Institutions Department also obtains bilateral loans and medium-to-long term financing securing adequate funding for the Bank.

Solid pillar-International Trade Finance

Its unique competence in the MENA region thanks to its shareholder structure has differentiated the Bank from its peer group of banks. This has created a paramount advantage over its competitors in generating increasing business opportunities for its customers active in the MENA region. In 2008, T-Bank effectively insured the cash and non-cash credit limits required by its customers and also achieved an increase of 70% in the total trade volume as compared to 2007. As a result of the Bank's worldwide financial network, its import and export business maintained an upward trend in the year 2008.

In 2008, T-Bank secured a one-year club loan of US\$ 120 million with a spread of 75 bps. The proceeds of the loan were utilized for general trade purposes. Twenty-two banks from twelve different countries participated in the deal. The transaction, which was initially launched for US\$ 75 million, was successfully finalized as two tranches of US\$ 66 million and € 35 million.

T-Bank renewed its US\$ 100 million club loan of 2007, which was signed following the US\$ 40 million syndicated loan facility of 2006. The increase in the number of banks joining the deal together with the total amount raised demonstrates that T-Bank's visibility is growing in the international arena and that correspondent banks have shown increasing confidence in the Bank.

T-Bank will continue to acquire bilateral loans from correspondent banks as needed and to tap the international capital markets when suitable.

Favorable credit ratings

T-Bank's ratings, which were raised in 2007, were confirmed in 2008 by Fitch Ratings.

Foreign Currency

Long Term/Short Term/Outlook
BB/B/Stable

Local Currency

Long Term/Short Term/Outlook
BBB-/F3/Stable

National

Long Term/Outlook/Individual/Support
AAA (tur)/Stable/D/3

Sovereign Risk

FC Long Term/LC Long Term/Outlook
BB-/BB/Stable



Information Technology

Striving for flexibility, transparency and security

Regular investments in information technology are a priority for the Information Technology Department at T-Bank, which strives to enhance the Bank's systems by promoting flexibility, transparency and security across the Bank's divisions,

Effective system architecture

The core banking system operates on three application servers, including two expandable, high-performance IBM P6 database servers and EMC Symetrix storage solutions located in the Head Office. Although the system has a multi-layer structure for security reasons, in practice, it provides a safe infrastructure due to its security-related features installed recently.

The core banking software has been developed by an independent information technology company specialized in banking software; this banking system is accessible through the Internet. The main operating system server operates on a Unix system whereas other servers and personal computers operate on Windows and Linux platforms. With respect to databases, the core banking system uses Oracle Server 10g while non-core systems use SQL Server software. Additional database servers, set to be real time with the active servers, coupled with backups of other critical services are located at our Disaster Recovery Center in Izmir for emergency purposes.

Data processing security is another area of priority for the Department and the active directory has been a noteworthy milestone in effective user security. Agreements related to security issues are renewed annually to ensure the application of up-to-date technology in order to achieve a strong IT data security.

2008 initiatives

In 2008, the IT Department successfully implemented an upgrade of the Bank's core software system. Completed in April, the upgrade has proved to be greatly beneficial. The installation of the new Oracle 10g upgrades; has

Having successfully moved all of the Bank's information technology to the new Head Office, the IT Department continues working on fortifying the IT infrastructure with the latest technology. To this end, the Bank has concluded some agreements with some leading firms in the sector, while measures have been taken in the areas of security and infrastructure.

effectively updated T-Bank's information technology; while simultaneously preserving the existing system enhancements developed exclusively for the Bank. Users have adapted to the new applications quickly and easily, resulting in greatly increased processing speeds. The upgrade has ensured a multi-tiered system, creating a more secure infrastructure with many new and improved security-related enhancements in its application.

Following the completion of realignment work, system improvements have been rapidly initiated on a per-project basis to respond to the demands of each of T-Bank's business units. Within this framework, Internet Banking has been upgraded, making it faster, more secure and more user-friendly. Tax collection and direct charge modules have also been added to the service. The bill collection services module for corporate clients has been renewed and studies have been initiated towards further expanding these services. T-Bank has also upgraded the security package and finalized regulatory compulsory reports related to e-sequestration and Social Security Administration.

T-Bank also purchased the ORACLE Business Intelligence Suite to enable the OLAP cubes faster and more flexible generation of reports while enhancing the development of administrative and operational reports. Other studies undertaken include database scope, physical modeling and product tree infrastructure.

Hardware architecture for the core-banking system has also been altered. An IBM high-end server and EMC storage solutions were purchased to support the Bank's growth and expansion plans. To further protect the Bank and its clients against any eventuality or emergency, T-Bank collaborated with IBM to use its Disaster Center in Izmir.

Having successfully moved all of the Bank's information technology to the new Head Office, the IT Department continues working on fortifying the IT infrastructure with the latest technology. To this end, the Bank has concluded agreements with some leading firms in the sector, while measures have been taken in the areas of security and infrastructure.

T-Bank's human resources are undoubtedly what we trust most in our endeavor to reach our targets. Hereby, I would like to thank all our employees, who have elevated the Bank to its current status with their commitment and loyalty. My particular thanks also go to our shareholders for their support, customers for their trust and all social stakeholders for their contributions.

**SECTION II
MANAGEMENT AND
CORPORATE GOVERNANCE**

Board of Directors

Nemeh Sabbagh

Chairman

Nemeh Sabbagh graduated with a Bachelor's degree in International Economics from Johns Hopkins University and holds a Master's degree in Finance from the University of Chicago. He began his banking career at the World Bank in 1973. Prior to his current position as the Executive General Manager of BankMed, he served at various banks, including the National Bank of Kuwait for nineteen years and as Chief Executive Officer of the Arab National Bank for seven and a half years.

Hani Fadayel

Vice-Chairman

Hani Fadayel is a graduate of Business Administration from the University of Jordan. He started his career at Citibank, Greece in 1975 and moved to Citibank, Jordan in 1976. He served as Executive Vice President and Regional Manager of Arab Bank plc, Bahrain. He was recently appointed as Assistant CEO of Arab Bank plc.

Riad Burhan Taher Kamal

Board Member

Riad Kamal is a graduate of Civil Engineering and also holds a Master's degree in Structural Engineering from the University of London. He has worked at Arabtec Construction since 1974, where he currently serves as the Chairman and Managing Director.

Henri Jacquand

Board Member

Henri Jacquand is a graduate of Ecole des Hautes Etudes Commerciales in France and holds a Master's degree in Business Administration from University of Chicago. Jacquand served as Vice President at Citibank, New York, Executive Vice President at CIC Group and Executive Vice President at Rabobank. He is currently Advisor to the Chairman/General Manager of BankMed.

Mustafa Selçuk Tamer

Board Member

Selçuk Tamer is a graduate of Business Administration at the Faculty of Political Sciences at University of Ankara. He started his banking career in 1976. Prior to his current position as a member of the Board of Directors of Turkland Bank A.Ş., he worked at various banks including Yapı ve Kredi Bankası A.Ş., where he spent 18 years and served as Vice Chairman.

Ghassan Hanna Suleiman Tarazi

Board Member

Ghassan Tarazi is a graduate of Economics from Acadia University in Canada. He holds a Master's degree from the University of Leuven, Belgium. He started his career at Arthur Anderson as a senior auditor and later joined Arab Bank plc as Head of the Internal Audit Group. In 2008, he was appointed as Arab Bank plc's Chief Financial Officer (CFO).

Amin Rasheed Sa'id Hussein**Board Member**

Amin Hussein is a graduate in Physics from Yarmouk University, Jordan. He holds an MBA from Fort Hays State University, USA. He started his career at Arab Bank plc and served as Executive Vice President and Head for Financial Institutions and Transactional Services. He was recently appointed as Country Manager of Bahrain at Arab Bank plc.

M. Behçet Perim**Board Member**

Behçet Perim has a Bachelor's degree in electrical and electronic engineering and an MBA from Boğaziçi University. He started his banking career in 1991 at Interbank. Perim served for three years at Interbank and three years at Bank Ekspres and then spent ten years at Denizbank. His last position was Executive Vice President in charge of Risk Management and Internal Control.

Mohamed Ali Beyhum**Board Member**

Mohamed Ali Beyhum received a degree in Mechanical Engineering from the American University of Beirut, Lebanon. He also holds a Masters of Science in Industrial Management from Columbia University. Mr. Beyhum has worked with Irving Trust Company and the Bank of New York in the USA before joining BankMed in December 2005 as Advisor to the Executive Office. More recently he served as Vice President and Senior Representative at the Bank of New York, Beirut, Lebanon.

Dinçer Alpman**Board Member and CEO**

Dinçer Alpman graduated from Istanbul Technical University with a degree in Management Engineering. He started his banking career at Pamukbank in 1988 and went on to work at Marmara Bank, Tekfen İnşaat and Alternatif Bank. Before joining T-Bank, Mr. Alpman spent ten years at DenizBank as Executive Vice President in charge of Retail Banking.

Executive Management

Münevver Eröz

Executive Vice President-Treasury and Financial Institutions

Münevver Eröz graduated from the Business Administration Department at Boğaziçi University and received her MBA from Koç University. She joined the banking industry in 1987 at Saudi American Bank, serving in several managerial positions over a ten-year period. Ms. Eröz joined T-Bank at its inception in 1997 and has been Executive Vice-President since 2000.

Mehmet Özgüner

Executive Vice President-Financial Affairs

Mehmet Özgüner holds a degree in Mining Engineering from Middle East Technical University. He started his banking career in 1994 at the Banking School of Ziraat Bankası. Mr. Özgüner was an internal auditor on the Board of Internal Auditors at Osmanlı Bankası for six years. In 2002, he joined T-Bank's Board of Internal Auditors. In 2003, he was appointed President of the Board and in August 2004, was appointed to his present position at T-Bank.

İlhan Zeki Köroğlu

Executive Vice President-Operation and Information Technologies

İlhan Zeki Köroğlu graduated from the Public Administration Department of Middle East Technical University. He acquired his business experience at Pamukbank, Körfezbank and Garanti Investment. His last position at Alternatifbank was as Executive Vice-President.

Yurdakul Özdoğan

Executive Vice President-Credit Allocation and Follow-up

Yurdakul Özdoğan graduated from the Economics Department at the Faculty of Political Sciences at Ankara University. He has worked at Pamukbank, Toprakbank, İktisatbank and Finansbank. His last position was at Oyakbank where he served as Senior Vice-President of Credits.

Doruk Parman

Executive Vice President-Marketing and Sales

Doruk Parman holds a BA in Mechanical Engineering from Middle East Technical University. He received his MBA from Bilkent University and then earned a doctorate in Banking from Marmara University. Prior to his ten years at DenizBank, Parman worked at Interbank. His last position was Senior Vice President of Retail Banking.

Statutory Auditors

Osman Baydoğan

Statutory Auditor

Osman Baydoğan graduated from Ege University, Faculty of Business Administration. He worked in the departments of Financial and Administrative Affairs of various leading construction companies between 1978-1985. Beginning in 1985, he spent 13 years at Albarakatürk Katılım Bankası where his last position was Risk Follow-up Manager. From 1998 to 2004, Baydoğan served as Financial Affairs Coordinator at Eksim Şirketler Grubu and is currently Executive Director at Inter Trade.

Özgür Çelik

Statutory Auditor

Özgür Çelik graduated from the Business Administration Department of Istanbul University. He started his career in 1997 as a research intern. Çelik spent three years at KPMG, Istanbul as a Senior Accountant. After having worked as an Assistant Finance and Accounting Manager of an Affiliate Company of NEXT plc, he joined Oger Telekomunikasyon AŞ in 2008 and is currently serving as a financial controller.

Credit Committee and Other Committees

Credit Committee

Henri Jacquand, Board Member

M. Selçuk Tamer, Board Member

Diñçer Alpman, CEO and Board Member

Executive Committee

Diñçer Alpman, CEO and Board Member

Münevver Eröz, Executive Vice President

Mehmet Özgüner, Executive Vice President

Doruk Parman, Executive Vice President

İlhan Zeki Köroğlu, Executive Vice President

Yurdakul Özdoğan, Executive Vice President

Hakkı Yıldırım, Director

Assets and Liabilities Committee

M. Behçet Perim, Audit Committee Board Member

in charge of Risk Management Group, Internal

Audit and Internal Control Center

Diñçer Alpman, CEO

Münevver Eröz, Executive Vice President

Mehmet Özgüner, Executive Vice President

İlhan Zeki Köroğlu, Executive Vice President

Yurdakul Özdoğan, Executive Vice President

Doruk Parman, Executive Vice President

Serhan Yazıcı, Director, Corporate Banking

Engin Enver Cebeci, Director, SME Banking

Elif Ertemel, Director, Retail Banking

Alper Üstündağ, Manager, Treasury

Elida Stupljanin, Manager, Financial Institutions

İsmail Dokur, Manager, Budget Planning and Management Reporting

Veyis Fertekligil, Chief Economist, Economic Research

Gülgün F. Erkan, Risk Management Group Head

Audit Committee

Ghassan Hanna Suleiman Tarazi, Board Member

Mohamed Ali Beyhum, Board Member

M. Behçet Perim, Board Member

Corporate Management Committee

Nemeh Sabbagh, Chairman of Board

Ghassan Hanna Suleiman Tarazi, Board Member

M. Behçet Perim, Board Member

Risk Management Committees

• Executive Risk Committee

M. Behçet Perim, Audit Committee Board Member in charge of Risk Management Group, Internal Audit and Internal Control Center

Dinçer Alpman, CEO

Mehmet Özgüner, Executive Vice President-Member

Münevver Eröz, Executive Vice President-Member

Doruk Parman, Executive Vice President-Member

İlhan Zeki Köroğlu, Executive Vice President-Member

Yurdakul Özdoğan, Executive Vice President-Member

Gülgün F. Erkan, Risk Management Group Head-Member

• Operational Risk Committee

Dinçer Alpman, CEO

M. Behçet Perim, Audit Committee Board Member

Doruk Parman, Executive Vice President-Member

İlhan Zeki Köroğlu, Executive Vice President-Member

Şehsuvar Erol, Department Head, Internal Control Center-Member

Yakup Akın, Department Assistant Head, Internal Audit-Member

• Information Technologies Risk Committee

Dinçer Alpman, CEO

M. Behçet Perim, Audit Committee Board Member

İlhan Zeki Köroğlu, Executive Vice President-Member

Şehsuvar Erol, Department Head, Internal Control Center-Member

Yakup Akın, Department Assistant Head, Internal Audit-Member

Risk Management, Internal Control and Internal Audit Managers

The Chairman of the Risk Management Group, the Chairman of the Internal Control Center and the Deputy Head of the Internal Audit report to the Audit Committee.

M. Behçet Perim, (Appointed June 1, 2007)

Audit Committee Board Member in Charge of Risk Management, Internal Control and Internal Audit

Behçet Perim has an undergraduate degree in electrical and electronics engineering and an MBA from Boğaziçi University. He started his banking career in 1991 at Interbank where he served for three years, followed by three years at Bank Ekspres. The following decade was spent at Denizbank where his last position was Executive Vice President in charge of Risk Management and Internal Control.

Gülgün Figen Erkan

Group Head, Risk Management Group

Gülgün Figen Erkan earned a degree in Business Administration from Marmara University, Faculty of Economics. She began working in the banking sector at Türkiye İş Bankası in 1994 as a Financial Analyst. Starting from 1995, she has served as a senior analyst at TSKB and joined the Risk Management Group of T-Bank in 2005. Erkan is the holder of a Financial Risk Manager certificate.

Şehsuvar Erol

Department Head, Internal Control Center

Şehsuvar Erol is a graduate of the Economics Faculty of Istanbul University. He started his banking career at Koçbank in 1992 as an assistant auditor and also worked as a senior financial analyst at TSKB. After having served at Denizbank for nine years, he joined the Internal Control Center of T-Bank in 2007.

Yakup Akın

Department Assistant Head, Internal Audit

Yakup Akın holds an undergraduate degree in Business Administration from the Faculty of Political Sciences of Ankara University. He started his career as an assistant auditor at Kent Bank in 1998 and went on to work at Bayındırbank and Tekstilbank. He has been serving in the Internal Audit Department of T-Bank since 2004. Akın is a Certified Internal Auditor.

Attendance at the Board of Directors, Audit Committee and Other Committee Meetings

All Board and Committee members attended all the meetings unless a valid excuse was presented.

Summary Report of the Board of Directors to the General Assembly

Despite the adverse impact of the worldwide financial crisis, 2008 has been a year when the Bank successfully maintained its pace of sustainable growth and development due to its strong capital structure, prudent risk management policies and healthy banking practices.

In 2008, the Bank further strengthened its capital structure by increasing the paid-in capital from YTL 70,000,000 to YTL 170,000,000. Having raised the capital adequacy ratio from 19% in 2007 to 22% is a clear indication of the trust our shareholders have in T-Bank and the Turkish banking sector.

In 2008, total assets increased by 60%, the loan portfolio by 41%, borrowings from financial institutions by 39% and our foreign trade volume went up by 70%.

In addition, the Bank increased the number of branches from 16 at the end of 2007 to 25. In line with the growth in the branch network, the number of employees went up from 390 at the end of 2007 to 457 at year-end 2008.

T-Bank also moved its headquarters to a new building in the city center fully equipped with state-of-the-art technology. Accordingly, the Bank has been able to benefit from an environment that meets all of its business requirements.

The Bank successfully expanded its business and operations during 2008. Its total customer base and transaction size grew significantly, especially in the SME segment. This performance has increased T-Bank's income generated from SME banking services. By focusing on product diversification and growing customer transaction volume, the Bank has achieved positive results in this segment and made considerable progress.

In 2008, the Bank was successful in targeting valuable customers in the centers where the branches are located. Thanks to our experienced executives that serve the institutional and commercial banking segments, the needs of the customers have effectively been met and led to the strengthening of our customer relationships. The Bank's increased market penetration allowed it to spread its activities over a much wider customer base while avoiding concentration in certain sectors of the economy.

Our achievements in 2008 were directly reflected by the Bank's credit rating. Fitch Ratings has reevaluated T-Bank and reaffirmed its 2007 rating upgrade, despite the negative conditions in the world financial markets, especially the banking sector which faced bankruptcies and great losses. Amid all the adverse circumstances, this was achieved as a result of our cautious policies as well as a strong capital structure.

T-Bank's healthy performance and Fitch's maintaining its rating has been well received by our correspondents and the banks involved in our syndication. The US\$ 100 million syndication loan facility of last year was renewed on August 7, 2008 and increased to US\$ 120 million. The syndicated loan, of two tranches of US\$ 66 million and € 35 million was fully subscribed to by 22 banks from 12 countries.

T-Bank evaluated the effect of the global crisis both around the world and in Turkey together with its impact on financial markets and on the local economy. Consequently, it strengthened its liquidity position, enhanced its risk management and took measures to improve its asset quality while protecting its customer base. With a more conservative Loans to Deposits ratio set by the Board of Directors, the Bank's liquid assets significantly increased. This was demonstrated by more than quadrupling of the foreign currency interbank placements and the increase in the liquid to total assets ratio from 26% to 29% in the fourth quarter of 2008. Similarly, in order to further enhance credit quality, loan portfolio reviews were being conducted more rigorously towards the end of the third quarter. and during the fourth quarter. Based on the results of these reviews, the loan portfolio was reduced by 20% in the last quarter of the year. This was achieved by shrinking the exposure to borrowers who were likely to be impacted by the crisis.

T-Bank is committed to supporting its loyal customer base in particular and the Turkish economy in general. The developments and improvements in the Bank over the past two years coupled with the synergy created with our shareholders will help us in achieving our goals and objectives.

Human Resources

Human Resources, in its capacity as a “strategic business partner” to the Head Office as well as the branches, has assumed a determinant and more active role in ensuring that the Bank reaches its future targets. T-Bank believes that sustainable success is made possible, by creating a working environment where human capital is valued and team spirit is fostered.

To achieve the growth strategies it has adopted, the Bank continued with its training programs and policies aimed at boosting both the professional and personal development of all the employees. As part of the human capital development project, programs for improving work performance and activities to strengthen motivation, internal communication and employee camaraderie have become standardized within the Bank’s internal policies and procedures.

Recruitment, performance evaluation and career planning

The aim of T-Bank’s recruitment activities is to assign qualified deserving candidates to positions that suit their skills and qualifications.

Hiring is done according to the requirements of the position, thus for training recent graduates, experienced employees are also recruited. T-Bank selects employees after an extensive screening process, designed around the specific criteria for each position.

Vacancies are first announced to T-Bank employees via the Career Opportunities Newsletters and employees who are eligible can apply for open positions once they are approved by their managers. Applications are evaluated by the respective department heads and Human Resources and eligible candidates are included in the interview process.

With a view to having an integrated administration system in place for business practices, the Human Resources Department transfers personnel-related information, recruitment and performance management systems to electronic format, within the Bank’s internal career portal established in 2008. Within this structure, the HR department will have the capacity to administer all personnel information, conduct performance management evaluation and follow up on the recruitment process.

T-Bank managers and matrix supervisors evaluate employees with yearly performance reviews based on the qualifications required for each job. In addition to a basic set of criteria by which all employees are measured, the marketing department employees are rated according to their ability to attain set quantitative targets. A comprehensive Performance Management System, which has not taken its final shape, will be completed in the course of 2009. Pilot exercises on a new evaluation system, that will assess all staff members’ performance on both qualitative capabilities and quantitative targets, will begin in 2009.

Performance evaluation results are used to plan the employees’ career and education moves.

The bi-annual promotion committee promotes those who succeed at their current position and who demonstrate the perseverance and qualities required for higher positions.

Training

The Training Department aims to improve employees’ professional knowledge and abilities while enhancing their personal development. The department produces annual educational programs based on the targets of the Bank and the training demands analysis meetings held with managers.

Along with in-house classes and e-learning, employees attend programs, conferences and summits outside the office in related fields. These include certification programs for required expertise and training programs on auditing and information technology.

Development of Seminars, another Human Resources initiative, contributes to the technical as well as personal development of the participating staff. The seminars are given by lecturers who are experts in their own sectors such as economy, finance, personal development and health.

Looking towards the future

As a strategical partner with an experienced team, the Human Resources Department will continue to fulfill the Bank’s goals through finding the right recruits, offering training and developmental programs for employees, as well as performing all related HR tasks.

Number of Employees and Branches	2008	2007	2006	2005	2004
Head Office Employees	190	189	120	123	107
Branch Employees	267	201	146	151	119
Total Employees	457	390	266	274	226
Number of Branches	25	16	10	10	8

Demographics Information	2008	2007	2006	2005	2004
Male (%)	51	49	49	49	50
Female (%)	49	51	51	51	50
Average Age of Employees	34	34	33	33	32

Education Level of Staff (%)	2008	2007	2006	2005	2004
Post-graduate Degree	7	7	5	7	8
Undergraduate Degree	63	63	62	62	59
High School Graduate	28	27	31	30	29
Primary School Graduate	2	3	2	1	4

T-Club and In-House Social Activities

T-Bank founded T-Club, which organizes social gatherings and provides discounts for socially enriching activities such as theater, concerts, etc., to ensure that all employees have the opportunity to be involved in activities both at work and during their leisure time.

Every T-Bank employee is a T-Club member and their family members also have the chance to benefit from the advantages of this membership for the majority of events.

Photography classes and trips, bowling tournaments and trekking tours and discounted tickets for concerts and plays are only a few of the activities sponsored by T-Club in 2008.

On important occasions, the Bank sends congratulatory messages and small gifts to employees. Every summer, T-Bank sponsors an employee boat trip on the Bopshorus to celebrate the year's achievements.

Every T-Bank employee is a T-Club member and their family members also have the chance to benefit from the advantages of this membership for the majority of events.

Related Party Transactions

Group Risk Exposure by Sector (YTL thousands)

	Cash Loans	Risk Share (%)	Non-cash Loans	Risk Share (%)	Total Loans	Risk Share (%)
Financial Institutions	8	0.00	3,975	0.58	3,983	0.31
Communication	-	-	16,492	2.41	16,492	1.29
Manufacturing	-	-	-	-	-	-
Factoring&Leasing	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Other	-	-	81	0.01	81	0.01
Total	8	0.00	20,548	3.00	20,556	1.61

Persons and Companies that Provide Support Services

T-Bank receives support services as part of its main banking activity in compliance with the "Implementing Regulation for the Support Services Banks Can Receive and the Authorization of Support Service Organizations". In accordance with business requirements, T-Bank has purchased software applications from various domestic and foreign companies. The Bank works in cooperation with Anadolu Kredi Kart Turizm ve Ticaret A.Ş. for credit card operations and Securverdi for cash-in-transit service.

T-Bank considers its internal audit, control and risk management departments to be essential components of the Bank's organizational culture and will continue to invest in their development.

**SECTION III
FINANCIAL INFORMATION AND
RISK MANAGEMENT**

T-Bank Statutory Auditors' Report

To the T-Bank A.Ş. Shareholder General Assembly:

After analyzing the year 2008 transactions and accounts of T-Bank A.Ş. in view of the Turkish Banks Act, Turkish Commerce Law, other laws and regulations and the Bank's Articles of Association, we conclude that the Bank's Balance Sheet and Income Statement are in compliance with the accounting records and the documents are in compliance with the records.

Based on this conclusion, we recommend that the year 2008 Balance Sheet and Income Statement presented by the Board of Directors be approved.

Özgür Çelik
Auditor

Osman Baydoğan
Auditor

The Assessments of Audit Committee on Internal Systems

T-Bank's Audit Committee is responsible for monitoring the effectiveness and adequacy of internal control, risk management and the Bank's internal audit systems on behalf of the Board of Directors. The Audit Committee's main activities include:

- Ensuring that internal audit, accounting and reporting systems comply with related laws and regulations and that data generated has an integrated structure.
- Making preliminary assessments for the selection of independent audit organizations by the Board.
- Regularly monitoring activities of the auditing organization selected by the Board of Directors.

Internal audit, internal control and risk management systems at T-Bank are an integral component of the Bank's macro-level administrative policies and operations; executed by the Internal Audit Department, Internal Control Center and Risk Management Group.

In 2008, T-Bank registered a high growth performance. In parallel to this development, the Internal Systems Group has accelerated work on designing the infrastructure required for the identification, evaluation and management of all types of risk posed by the organic growth of the Bank. Initiatives of the Internal Systems Group included:

- The recruitment of experts in the field to vacant positions within the Internal Systems Group,
- Specialization by department has been supported by introducing sub-organizations such as the Information Systems Audit Unit, Branches Internal Control Unit, Compliance Unit and Treasury Control Unit and
- Funds were made available to the aforementioned units for the purchase of the necessary equipment, software, services etc. to allow them to operate effectively.

The Internal Systems Group views the utilization of information and communications technology as essential to the Bank's efficient and productive performance. In line with this principle, an internationally recognized computer software facility was purchased and made available to the Audit Department and the Internal Control Center to support their reporting and administrative activities.

The Operational Risk Committee and the IT Risk Committee were formed to better identify, evaluate and manage operational risk. Along with the Internal Systems Group, they hold monthly meetings with relevant senior managers, including the General Manager, for the purpose of conducting detailed analyses of the Bank's exposure to operational risk and the rapid implementation of action plans geared to minimize this risk.

The Bank's Internal Audit is performed in compliance with government legislation and international professional auditing standards. Activities and services covered by this Department ensure the Bank's compliance with banking legislation and the Bank's own Articles of Association. Internal Audit performs a vital function by enhancing the Bank's overall productivity and effectiveness; while also guaranteeing the trustworthiness of the Bank's financial and administrative information. No effort is spared in ensuring the adequacy and effectiveness of the in-house internal control and risk management environment and the tools utilized to facilitate their functions. Additional audit and control areas are identified based on the Bank's business plan, the needs and functions of the Bank's different business lines or in response to evaluations and suggestions following regular and spot audits. The auditors' recommendations and conclusions are shared with the Bank's executive management and serve to guide decision-making processes across all divisions. Furthermore, actions, based upon the results of the auditing process, are carefully implemented and systematically monitored.

The priority target set by the Audit Committee is that the Bank's audit operations remain in conformity with the highest international audit standards. Various initiatives to this end were taken in 2008 including: designing risk control matrices based on international models, conducting self-assessment tests with the participation of all business units and, as a significant step towards standardization of auditing activities, preparing audit steps and lists covering controls for most audit areas which have been identified.

The Audit Committee aims to accelerate and broaden its risk evaluation efforts. An important objectives set for 2009 will be designing a comprehensive risk map for the Bank and thus following up with audit plans that focus on the areas the map prioritizes.

The following comprise key functions of the Internal Control Center:

- Ensuring compliance with domestic and international legislation,
- Limiting areas that may cause operational risk,
- Acting in a preventive and regulatory manner and developing related systems to increase efficiency and
- Ensuring that the Bank's assets are adequately protected.

The Internal Control Center performs its functions through the Branches Internal Control Unit, Head Office Internal Control Unit and the Compliance Unit.

The Risk Management Group at T-Bank is responsible for identifying risks faced by the Bank. They proceed in analyzing, measuring, reporting and monitoring this risk and then set up appropriate risk management policies to mitigate it. The two fundamental structures in the operation of risk management system include the Risk Management Group established in 2001 and the Executive Risk Committee formed in 2002.

In 2008, new limits for credit risk, market risk, economic capital and VaR as well as new stop-loss limits for Treasury positions were set by the Board of Directors. Economic capital calculations cover all types of risk classes, including credit, market and operational risk. All limits are calculated by the Risk Management Group and reported to executive management and the Audit Committee.

Moreover, T-Bank considers its internal audit, control and risk management departments to be essential components of the Bank's organizational culture and will continue to invest in their development; to foster behavior that respects and values the role that these departments play, not only in augmenting the Banks overall performance, but also in protecting the interests of the corporate stakeholders.

Deloitte.

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Annual Activity Report Compliance Opinion

To the General Assembly of Turkland Bank A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of Turkland Bank A.Ş. (the "Bank") with the audit report issued as of December 31, 2008. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

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

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of Turkland Bank A.Ş as of December 31, 2008 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary Management report and our audit opinion on these financial statements.

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

Özlem Gören Güçdemir
Partner

İstanbul, March 23, 2009

TURKLAND BANK ANONİM ŐİRKETİ

**INDEPENDENT AUDITOR'S REPORT,
UNCONSOLIDATED
FINANCIAL STATEMENTS AND
NOTES FOR THE YEAR ENDED
DECEMBER 31, 2008**



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To the Board of Directors of
Turkland Bank A.Ş.
İstanbul

**TURKLAND BANK ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR JANUARY 1, 2008-DECEMBER 31, 2008**

We have audited the accompanying balance sheet of Turkland Bank A.Ş. as at December 31, 2008, and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Turkland Bank A.Ş. as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA.

Additional paragraph for English translation:

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

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

Özlem Gören Güçdemir
Partner
İstanbul, February 16, 2009

The Unconsolidated Financial Report of Turkland Bank A.Ş. For the Year Ended December 31, 2008

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The unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of New Turkish Lira, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

February 16, 2009

Nehme SABBAGH
Chairman of the
Board of Directors

A. Dinçer ALPMAN
General Manager

Mehmet ÖZGÜNER
Executive Vice President

Gülçin SU
Manager Financial Affairs

Mehmet Behçet PERİM
Member of Audit Committee

Mohamed Ali BEYHUM
Member of Audit Committee

Ghassan Hanna Suleiman TARAZI
Member of Audit Committee

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title: Sevgi Üstün/Assistant Manager

Telephone Number : (0212) 368 37 24
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Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2008

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Turkland Bank Anonim Şirketi ("the Bank"), was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankası Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankası Anonim Şirketi" with its acquisition by Doğuş Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Günel (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed for the sale of 91% of MNG Bank's shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on December 29, 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günel retained 9% of the shares. Transfer of the Bank was made on January 29, 2007. The title of the Bank was changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting on March 22, 2007.

On April 3, 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of December 31, 2008, the shareholders' structure and their ownerships are summarized as follows:

Name of shareholders	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	84,999.99	%50	84,999.99	-
BANKMED, SAL	69,699.99	%41	69,699.99	-
MEHMET NAZİF GÜNAL	15,300.00	%9	15,300.00	-
OTHERS	<1	%0	<1	-
Total	170,000.00	%100	170,000.00	-

Based on a decision at the meeting of the Extraordinary General Assembly on February, 12 2008, the Bank decided to increase the paid-in capital of the Bank from TRY 70,000 Thousand to TRY 170,000 Thousand by TRY 100,000 Thousand. The Bank's capital increase amounting to TRY 100,000 Thousand was registered with İstanbul Trade Registry Office on February 22, 2008. The capital increase procedures were completed.

It was decided that 2/3 (two thirds) of the Bank's capital increase will be paid in three months at the latest from the registry and 1/3 the remaining part will be paid in nine months at the latest from the registry.

First call payment of TRY 66,667 Thousand was realised on February 28, 2008 and was approved by BRSA's March 25, 2008 dated and 4334 numbered correspondence.

Second call payment of TRY 33,333 Thousand was realised on June 2, 2008 and was approved by BRSA's June 23, 2008 dated and 8487 numbered correspondence.

As of December 31, 2008 the nominal value of the Bank's paid-in-capital amounting to TRY 170,000 Thousand consists of 1,700 million shares.

Turkland Bank Anonim Şirketi
Notes to the Financial Statements
For the Period Ended December 31, 2008

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares in the Parent Bank

Title:	Name and Surname:		Education:
Chairman of the Board of Directors	NEHME SABBAGH	Chairman	Master Degree
Members of the Board of Directors	HANI IBRAHİM SULAIMAN FADAYEL	Vice Chairman	Bachelor's Degree
	MOHAMED ALI BEYHUM	Member of Audit Committee	Master Degree
	GHASSAN HANNA SULEİMAN TARAŞI	Member of Audit Committee	Master Degree
	MEHMET BEHÇET PERİM	Member of Audit Committee	Master Degree
	MUSTAFA SELÇUK TAMER	Member	Bachelor's Degree
	AMİN RASHEED SA'İD HUSSEİNİ	Member	Master Degree
	RİYAD KEMAL	Member	Master Degree
	HENRI MARIE RENE JACQUAND	Member	Master Degree
General Manager and Member of the Board of Directors	A.DİNÇER ALPMAN	Chief Executive Officer	Bachelor's Degree
Assistant General Managers	MEHMET ÖZGÜNER	Finance	Bachelor's Degree
	MÜNEVVER ERÖZ	Treasury and Financial Institutions	Master Degree
	DORUK PARMAN	Marketing Sales	PhD Degree
	İLHAN ZEKİ KÖROĞLU	Operation and Information Technologies	Bachelor's Degree
	YURDAKUL ÖZDOĞAN	Credit & Follow up	Bachelor's Degree
Statutory Auditors	ÖZGÜR ÇELİK	Auditor	Bachelor's Degree
	OSMAN BAYDOĞAN	Auditor	Bachelor's Degree

(*) The above stated persons do not have Bank shares.

IV. Information about the persons and institutions that have qualified shares:

Information about the persons and institutions that have qualified shares as of December 31, 2008:

Name/Commercial Name	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	84,999.99	%50	84,999.99	-
BANKMED, SAL	69,699.99	%41	69,699.99	-
Total	154,699.99	%91	154,699.99	-

V. Summary on the Bank's Functions and Areas of Activity

Bank has 25 branches and 457 personnel. Bank has no subsidiaries in the financial sector.

The Bank was established with private capital, has the authority to accept deposits and its operations are mostly based on retail and corporate banking transactions. As it is indicated in Articles of Association, the Bank is mainly dealing in the transactions below:

- Acceptance of Deposit
- Corporate and Retail Banking
- Foreign Trade
- Capital Market Transactions
- Bancassurance

Turkland Bank Anonim Şirketi
Balance Sheets as of December 31, 2008 and 2007
(Amounts Expressed in Thousands of New Turkish Lira [TRY] Unless Otherwise Stated.)

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET-ASSETS

	Note Ref.	Audited Current Period 31.12.2008			Audited Prior Period 31.12.2007		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK							
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(1)	22,688	8,675	31,363	11,771	4,757	16,528
2.1 Trading financial assets	(2)	931	8	939	123,324	3,813	127,137
2.1.1 Public sector debt securities		931	-	931	123,324	-	123,324
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Other marketable securities		-	-	-	-	3,813	3,813
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.3 Derivative financial assets held for trading		-	8	8	-	-	-
III. BANKS	(3)	10	95,326	95,336	15	20,112	20,127
IV. MONEY MARKET PLACEMENTS		123,351	-	123,351	-	-	-
4.1 Interbank money market placements		123,351	-	123,351	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	71,159	-	71,159	75	-	75
5.1 Share certificates		75	-	75	75	-	75
5.2 Public sector debt securities		71,084	-	71,084	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS	(5)	443,166	151,630	594,796	338,193	80,712	418,905
6.1 Loans		439,726	151,630	591,356	337,574	80,712	418,286
6.1.1 Loans to Risk Group of the Bank		-	-	-	392	102	494
6.1.2 Other		439,726	151,630	591,356	337,182	80,610	417,792
6.2 Non-performing loans		15,490	-	15,490	9,151	-	9,151
6.3 Specific provisions (-)		(12,050)	-	(12,050)	(8,532)	-	(8,532)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	29,764	-	29,764	-	-	-
8.1 Public sector debt securities		29,764	-	29,764	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	16,722	-	16,722	5,952	-	5,952
XV. INTANGIBLE ASSETS (Net)	(13)	2,554	-	2,554	997	-	997
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2,554	-	2,554	997	-	997
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	1,075	-	1,075	1,012	-	1,012
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		1,075	-	1,075	1,012	-	1,012
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	11,431	42,142	53,573	17,248	28,471	45,719
TOTAL ASSETS		722,851	297,781	1,020,632	498,587	137,865	636,452

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

Turkland Bank Anonim Şirketi

Balance Sheets as of December 31, 2008 and 2007

(Amounts Expressed in Thousands of New Turkish Lira [TRY] Unless Otherwise Stated.)

I. BALANCE SHEET-LIABILITIES AND EQUITY

	Note Ref.	Audited Current Period 31.12.2008			Audited Prior Period 31.12.2007		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	332,458	245,429	577,887	215,991	115,479	331,470
1.1 Deposits from risk group of the Bank		11,925	39,812	51,737	6,676	17,976	24,652
1.2 Other		320,533	205,617	526,150	209,315	97,503	306,818
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	-	-	-	399	399
III. FUNDS BORROWED	(3)	7,877	195,860	203,737	2,777	143,228	146,005
IV. MONEY MARKET BALANCES	(4)	7	-	7	22,032	-	22,032
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		7	-	7	22,032	-	22,032
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		2,793	1,131	3,924	2,488	305	2,793
VIII. OTHER LIABILITIES	(5)	12,568	554	13,122	17,605	1,779	19,384
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(6)	-	2,288	2,288	-	1,260	1,260
10.1 Finance lease payables		-	2,451	2,451	-	1,382	1,382
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(163)	(163)	-	(122)	(122)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(8)	8,446	-	8,446	5,329	-	5,329
12.1 General loan loss provisions		5,309	-	5,309	2,922	-	2,922
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		1,683	-	1,683	1,240	-	1,240
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		1,454	-	1,454	1,167	-	1,167
XIII. TAX LIABILITY	(9)	3,919	-	3,919	1,922	-	1,922
13.1 Current tax liability		3,919	-	3,919	1,922	-	1,922
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(10)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(11)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(12)	207,302	-	207,302	105,858	-	105,858
16.1 Paid-in capital		170,000	-	170,000	70,000	-	70,000
16.2 Supplementary capital		26,041	-	26,041	25,433	-	25,433
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		608	-	608	-	-	-
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		25,433	-	25,433	25,433	-	25,433
16.3 Profit reserves		10,425	-	10,425	12,487	-	12,487
16.3.1 Legal reserves	(13)	624	-	624	624	-	624
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves	(14)	9,790	-	9,790	11,852	-	11,852
16.3.4 Other profit reserves		11	-	11	11	-	11
16.4 Profit or loss		836	-	836	(2,062)	-	(2,062)
16.4.1 Prior years' income/(losses)		-	-	-	(2,664)	-	(2,664)
16.4.2 Current year income/(loss)		836	-	836	602	-	602
16.5 Minority shares	(15)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		575,370	445,262	1,020,632	374,002	262,450	636,452

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

Turkland Bank Anonim Şirketi
Statements of Off-Balance Sheet Contingencies and
Commitments as of December 31, 2008 and 2007
(Amounts Expressed in Thousands of New Turkish Lira [TRY] Unless Otherwise Stated.)

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Audited Current Period 31.12.2008			Audited Prior Period 31.12.2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		375,541	307,687	683,228	218,311	279,158	497,469
I. GUARANTEES	(1), (3)	344,376	307,575	651,951	196,334	181,992	378,326
1.1. Letters of guarantee		344,376	166,843	511,219	196,334	87,939	284,273
1.1.1. Guarantees subject to State Tender Law		24,172	5,188	29,360	21,311	4,750	26,061
1.1.2. Guarantees given for foreign trade operations		-	29,521	29,521	-	21,738	21,738
1.1.3. Other letters of guarantee		320,204	132,134	452,338	175,023	61,451	236,474
1.2. Bank loans		-	14,299	14,299	-	10,303	10,303
1.2.1. Import letter of acceptance		-	14,299	14,299	-	-	-
1.2.2. Other bank acceptances		-	-	-	-	10,303	10,303
1.3. Letters of credit		-	103,938	103,938	-	72,984	72,984
1.3.1. Documentary letters of credit		-	103,938	103,938	-	72,984	72,984
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	22,495	22,495	-	10,766	10,766
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1), (3)	31,061	-	31,061	21,977	10,256	32,233
2.1. Irrevocable commitments		31,061	-	31,061	21,977	10,256	32,233
2.1.1. Forward asset purchase commitments		-	-	-	-	8,513	8,513
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		7,828	-	7,828	5,574	-	5,574
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		21,368	-	21,368	14,940	-	14,940
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		1,865	-	1,865	1,463	-	1,463
2.1.10. Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	1,743	1,743
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	104	112	216	-	86,910	86,910
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		104	112	216	-	86,910	86,910
3.2.1. Forward foreign currency buy/sell transactions		104	112	112	-	-	-
3.2.1.1. Forward foreign currency transactions-buy		-	112	112	-	-	-
3.2.1.2. Forward foreign currency transactions-sell		104	-	104	-	-	-
3.2.2. Swap transactions related to f.c. and interest rates		-	-	-	-	86,910	86,910
3.2.2.1. Foreign currency swap-buy		-	-	-	-	43,277	43,277
3.2.2.2. Foreign currency swap-sell		-	-	-	-	43,633	43,633
3.2.2.3. Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4. Interest rate swaps-sell		-	-	-	-	-	-
3.2.3. Foreign currency, interest rate and securities options		-	-	-	-	-	-
3.2.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		2,090,587	866,948	2,957,535	910,122	457,898	1,368,020
IV. ITEMS HELD IN CUSTODY		274,221	21,466	295,687	169,380	19,528	188,908
4.1. Assets under management		-	-	-	11,500	-	11,500
4.2. Investment securities held in custody		81,711	331	82,042	3,558	4,599	8,157
4.3. Checks received for collection		189,260	19,283	208,543	150,194	14,774	164,968
4.4. Commercial notes received for collection		3,250	1,457	4,707	4,128	149	4,277
4.5. Other assets received for collection		-	101	101	-	6	6
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	294	294	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,816,366	845,482	2,661,848	740,742	438,370	1,179,112
5.1. Marketable securities		5	-	5	-	-	-
5.2. Guarantee notes		9,005	5,815	14,820	8,310	4,029	12,339
5.3. Commodity		-	35	35	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		363,264	165,915	529,179	149,623	77,048	226,671
5.6. Other pledged items		1,444,092	673,717	2,117,809	582,809	357,293	940,102
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		2,466,128	1,174,635	3,640,763	1,128,433	737,056	1,865,489

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

Turkland Bank Anonim Şirketi

Statements of Income for the Periods Ended

December 31, 2008 and December 31, 2007

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

III. STATEMENT OF INCOME

	Note Ref	Audited Current Period 01.01-31.12.2008	Audited Current Period 01.01-31.12.2007
I. INTEREST INCOME	(1)	123,047	77,145
1.1 Interest on loans		99,991	49,333
1.2 Interest received from reserve deposits		2,397	2,046
1.3 Interest received from banks		1,393	2,822
1.4 Interest received from money market placements		1,674	463
1.5 Interest received from marketable securities portfolio		17,417	22,337
1.5.1 Held-for-trading financial assets		3,716	22,276
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		9,670	61
1.5.4 Investments held-to-maturity		4,031	-
1.6 Finance lease Income		-	-
1.7 Other interest income		175	144
II. INTEREST EXPENSE	(2)	(71,539)	(50,974)
2.1 Interest on deposits		(57,767)	(40,711)
2.2 Interest on funds borrowed		(10,279)	(7,035)
2.3 Interest on money market borrowings		(95)	(144)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(3,398)	(3,084)
III. NET INTEREST INCOME (I-II)		51,508	26,171
IV. NET FEES AND COMMISSIONS INCOME		9,544	5,452
4.1 Fees and commissions received		10,263	5,967
4.1.1 Non-cash loans		6,159	3,841
4.1.2 Other		4,104	2,126
4.2 Fees and commissions paid		(719)	(515)
4.2.1 Non-cash loans		(31)	(42)
4.2.2 Other		(688)	(473)
V. DIVIDEND INCOME	(3)	6	5
VI. NET TRADING INCOME	(4)	440	2,883
6.1 Securities trading gains/(losses)		3,815	424
6.2 Foreign exchange gains/(losses)		(3,375)	2,459
VII. OTHER OPERATING INCOME	(5)	5,364	3,747
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		66,862	38,258
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(7,528)	(5,289)
X. OTHER OPERATING EXPENSES (-)	(7)	(58,713)	(32,328)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		621	641
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT/(LOSS) ON EQUITY METHOD		-	-
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	621	641
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	215	(39)
16.1 Provision for current income taxes		-	-
16.2 Provision for deferred taxes		215	(39)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	836	602
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
18.3 Income on other discontinued operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
19.3 Loss from other discontinued operations		-	-
XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8)	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	-	-
21.1 Provision for current income taxes		-	-
21.2 Provision for deferred taxes		-	-
XXII. NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-
XXIII. NET PROFIT/(LOSS) (XVII+XXII)	(11)	836	602
23.1 Group's profit/loss		-	-
23.2 Minority shares		-	-
Earnings per share		-	-

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

Turkland Bank Anonim Şirketi
Statements of Profit Loss Accounted for Under Equity
For the Periods Ended December 31, 2008 and December 31, 2007
(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Audited Current Period 01.01-31.12.2008	Audited Prior Period 01.01-31.12.2008
I. Additions to marketable securities revaluation differences for available for sale financial assets	774	-
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign currency translation differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Deferred tax of valuation differences	(152)	-
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	622	-
XI. Profit/Loss	(14)	-
1.1 Change in fair value of marketable securities (Recycling to Profit/Loss)	(14)	-
1.2 Reclassification of and recycling derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Recycling hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
XII. Total Profit/Loss accounted for in the period (X±XI)	608	-

Turkland Bank Anonim Şirketi
Statements of Changes in Shareholders' Equity
For the Periods Ended December 31, 2008 and December 31, 2007
(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited	Prior Period-01.01.-31.12.2007	Note Ref	Paid-in Capital	Effect of Inflation Accounting and Other Reserves	Share premium	Share cancellation	Shares certificate cancellation	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. held for sale and from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
I	Beginning Balance-31.12.2006		35,000	25,432	-	-	624	-	11,882	11	(6,571)	(6,571)	(6,571)	1	-	-	-	-	-	-	70,286
II.	Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (End)		35,000	25,432	-	-	624	-	11,882	11	(6,571)	(6,571)	(6,571)	1	-	-	-	-	-	-	70,286
IV.	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital increase		35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,000
14.1	Cash		35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,000
14.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.	Period net income/(loss)		-	-	-	-	-	-	-	-	-	602	-	-	-	-	-	-	-	-	602
20.1	Profit distribution		-	-	-	-	-	-	-	-	-	2,571	(2,571)	-	-	-	-	-	-	-	-
20.2	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	2,571	(2,571)	-	-	-	-	-	-	-	-
	Closing Balance (III+IV+V+VII+VIII+IX+X+XI+XII+XIII+XIV+XVI+XVII+XVIII+XIX+XX)		70,000	25,432	-	-	624	-	11,882	11	602	(2,664)	(2,664)	1	-	-	-	-	-	-	105,988

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

Turkland Bank Anonim Şirketi
Statements of Changes in Shareholders' Equity
For the Periods Ended December 31, 2008 and December 31, 2007
(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited	Note Ref	Paid-in Capital	Effect of inflation Accounting Capital and Other Reserves	Share premium	Share cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Ass. sold off from assets held for sale and from disc. op.	Total Equity Before Minority Shares	Total Equity	
																			624
I.		70,000	25,432	-	-	624	-	11,852	11	602	(2,664)	1	-	-	-	-	-	105,858	
Changes in the period																			
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV.		-	-	-	-	-	-	-	-	-	-	608	-	-	-	-	-	608	
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.		100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	
12.1		100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.		-	-	-	-	-	-	-	-	836	-	-	-	-	-	-	-	836	
XVIII.		-	-	-	-	-	-	(2,062)	-	(602)	2,664	-	-	-	-	-	-	-	
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2		-	-	-	-	-	-	-	-	(602)	602	-	-	-	-	-	-	-	
18.3		-	-	-	-	-	-	(2,062)	-	-	2,062	-	-	-	-	-	-	-	
Closing Balance (I+II+III+IV+V+VI+VII+VIII+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		170,000	25,432	-	-	624	-	9,790	11	836	-	609	-	-	-	-	-	207,302	

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

Turkland Bank Anonim Şirketi

Profit Distribution Table for the Years Ended December 31, 2008 and 2007

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note Ref	Audited Current Period 01.01-31.12.2008	Audited Prior Period 01.01-30.09.2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		(29,800)	7,987
1.1.1		94,194	71,183
1.1.2		(69,386)	(50,526)
1.1.3		6	5
1.1.4		10,263	5,452
1.1.5		9,179	2,185
1.1.6		1,305	1,986
1.1.7		(35,721)	(19,121)
1.1.8		-	-
1.1.9	(1)	(39,640)	(3,177)
1.2		230,134	(31,334)
1.2.1		112,820	(21,158)
1.2.2		-	-
1.2.3		41	58,333
1.2.4		(151,045)	(117,193)
1.2.5		(7,942)	(22,325)
1.2.6		(23,005)	(427)
1.2.7		246,259	(4,999)
1.2.8		56,810	57,308
1.2.9		-	-
1.2.10	(1)	(3,804)	19,127
I.		200,334	(23,347)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(102,164)	13,705
2.1		-	11,245
2.2		-	-
2.3		(12,997)	(3,280)
2.4		593	4,536
2.5		(84,432)	-
2.6		22,595	2,180
2.7		(25,733)	-
2.8		-	-
2.9	(1)	(2,190)	(976)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		98,274	34,820
3.1		-	-
3.2		-	-
3.3		100,000	35,000
3.4		-	-
3.5		(1,726)	(180)
3.6	(1)	-	-
IV.	(1)	16,709	(7,194)
V.		213,153	17,984
VI.		36,276	18,292
VII.		249,429	36,276

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

Turkland Bank Anonim Şirketi

Profit Distribution Table for the Years Ended

December 31, 2008 and 2007

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

VIII. PROFIT DISTRIBUTION TABLE

	Audited Current Period 31.12.2008 (*)	Audited Prior Period 31.12.2007 (*)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	621	641
1.2 TAXES AND DUTIES PAYABLE (-)	215	(39)
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties(**)	215	(39)
A. NET INCOME FOR THE YEAR (1.1-1.2)	836	602
1.3 PRIOR YEARS' LOSSES (-)	-	(2,664)
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	(2,062)
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) Profit distribution is decided by the General Assembly. General Assembly is not held as of the date of this report.

(**) Other tax and duties include deferred tax Gain/(loss) amounts.

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2008

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

Certain classifications have been made to the prior year financial statements to comply with the current year presentation.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 29.65% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

Besides its principle activity, the main financial instruments of the Bank are money market placements, treasury bills and government bonds.

Marketable securities comprising 10% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 9.3% of the total assets and these assets provide liquidity with low risk and yield.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of foreign currency swaps and the forward foreign currency buy/sell transactions. Derivative instruments are accounted for at their fair values as of the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments: Recognition and Measurement" ("TAS 39"). Realized gains or losses on these instruments are reflected in the statement of income. Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or income according to the current tax legislation.

There are no embedded derivatives separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

IV. Interest Income and Expenses

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest method. In accordance with the related regulation, interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

V. Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected.

VI. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

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All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book values of these assets approximate their fair values.

Financial Assets at Fair Value Through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

Held to Maturity Investments, Financial Assets Available for Sale and Loans

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

Financial Assets Available for Sale

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

The marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gains/losses originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair values of these securities are determined by using the Official Gazette prices or other valuation methods stated in TAS.

The Bank has an equity investment with participation rate of 0.0025% in the available for sale financial assets portfolio. Since this equity investment does not have fair value, it is recognized at cost

The Bank classifies its securities as referred to above at the acquisition date of related assets.

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

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Loans and Provisions for Impairment

Loans are financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at cost. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Foreign currency indexed loans are converted into TRY from the foreign currency rate as of the opening date and followed in TRY accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses.

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006 which was amended with communiqué published in the Official Gazette No. 27119 dated January 23, 2009. These provisions are reflected in the income statement under "Provision and Impairment Expenses-Special Provision Expense".

The collections made related to loans for which provision is made in the current period are reversed from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to loans written off or provisioned in prior years are recorded to "Collections Related to the Prior Period Expenses" under "Other Operating Income" account and related interest income is credited to the "Interest Received from Non-performing Loans" account.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; Bank records general loan loss provisions for loans and other receivables. Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until November 1, 2006. Subsequent to the change in the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006; Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their October 31, 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of October 31, 2006. Together with the change in the same regulation made on February 6, 2008, the Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses for future events are not journalized.

VIII. Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities. These transactions are short-term and consist of domestic public sector debt securities.

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The income and expenses from these transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statement.

As of December 31, 2008, the Bank does not have any reverse repo transactions (December 31, 2007: None).

As of December 31, 2008, the Bank does not have any marketable securities lending transaction (December 31, 2007: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale, that is high probability of sale, are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Bank does not have any assets held for sale as of December 31, 2008 (December 31, 2007: None).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There is no anticipated change in the amortization method in the current period.

The intangible assets comprising purchased softwares are in the other intangible fixed asset. As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development project by the Bank.

XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated with straight-line method. While those acquired before January 1, 2004 are depreciated with the rates valid in prior periods, the fixed assets acquired after January 1, 2004 are depreciated with the rates determined by the Ministry of Finance based on useful lives.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Motor vehicles	20
Furniture, fixtures and office equipment and others	3-50

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

The bank began to use new fixed asset module as of the end of July 2008. Fixed asset useful lives updated with the using new module.

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XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist only foreign currency liabilities, are translated to New Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to New Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20% for the leased assets acquired before July 31, 2003 and 3%-50% for leased assets acquired after July 31, 2003 which is in line with Turkish Tax Legislation.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

As of the balance sheet date, the Bank does not have any leasing transactions as lessor.

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 12. The total amount of those cases consists of TRY 322 Thousand and 626,800 US Dollars. Considering these cases, it is determined that in 2 of these cases there could be risk of rejection and there is a provision of TRY 362 Thousand in the accompanying financial statements for these cases.(December 31, 2007: TRY 362 Thousand).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement.

The Bank forecasted present value of future possible liability for defined benefit plans to be recorded in the financial statements before 2007. Commencing from 2007, the Bank started to use independent actuaries in calculating the related liability to be recorded in the financial statements for these defined benefit plans. The Bank makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc... The carrying value of employee termination benefit provisions as of December 31, 2008 is TRY 1,683 Thousand (December 31, 2007: TRY 1,240 Thousand).

The Bank has no retirement fund or foundation that the employees are the member of.

XVI. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

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The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed between the first and twentyfifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred Tax Liability/Asset

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the circular of BRSA numbered BDDK. DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax benefit is stated under the tax provision amounting to TRY 215 Thousand in the income statement (December 31, 2007: TRY 39 Thousand deferred tax charge).

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

XVIII. Explanations on Share Certificates

The Bank does not have any issued debt securities. As of the date of this report, there is no subsequent dividend announcement of the Bank.

Based on a decision at the meeting of the Extraordinary General Assembly on February 12, 2008, the Bank decided to increase the paid-in capital of the Bank from TRY 70,000 Thousand to TRY 170,000 Thousand by TRY 100,000 Thousand. The Bank's capital increase amounting to TRY 100,000 Thousand was registered with Istanbul Trade Registry Office on February 22, 2008. The capital increase procedures were completed.

It was decided that 2/3 (two thirds) of the Bank's capital increase will be paid in three months at the latest from the registry and 1/3 the remaining part will be paid in nine months at the latest from the registry.

First call payment of TRY 66,667 Thousand was realised on February 28, 2008 and was approved by BRSA's March 25, 2008 dated and 4334 numbered correspondence.

Second call payment of TRY 33,333 Thousand was realised on June 2, 2008 and was approved by BRSA's June 23, 2008 dated and 8487 numbered correspondence.

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XIX. Explanations on Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Income and expenses are not segmented by corporate and retail transactions in the current IT system. However, management believes that such segmentation and the omission of the respective disclosure would not have a material effect on readers' conclusion with respect to the accompanying financial statements since the bank mainly operates in the corporate banking line of business.

XXII. Explanations on Other Matters

None, other than above explanations.

In accordance with Law No: 5083 "Monetary Unit of the Turkish Republic" (Law No: 5083), the name of the Turkish Republic's monetary unit and its sub-currency unit is changed to the New Turkish Lira and the New Turkish Cent, respectively. However, in accordance with the additional resolution of the Council of Ministers in regards to the order on the Removal of the phrase "New" in the New Turkish Lira and the New Turkish Cent and Its Application Principles, the phrase "New" used in the Turkish Republic's monetary unit is removed both from New Turkish Lira and the New Turkish Cent as of January 1, 2009.

Explanation for convenience translation to English

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks" which was published on October 10, 2007 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 21.87%. (December 31, 2007: 18.90%)

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements are used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Receivables from counter parties from derivative foreign currency and interest rate transactions are multiplied by the loan conversion rates presented in the Article 5, the Clause 2 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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Information related to the capital adequacy ratio:

	Risk Weight						
	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets, Liabilities and Non-Cash Loans							
Balance Sheet items (Net)							
Cash	11,024	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	19,771	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	95,327	-	8	-	-
Interbank Money Market Placements	123,300	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	41,870	-	-	-	-	-	-
Loans	3,674	-	161	113,240	442,395	-	-
Non-performing loans (Net)	-	-	-	-	3,440	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-	75	-	-
Held to Maturity Investments	25,733	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	363	-	-
Interest and Income Accruals	4,791	-	5	1,592	30,247	-	-
Subsidiaries, Associates and Entities Under Common Control (Net)	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	16,722	-	-
Other Assets	9,190	-	-	-	480	-	-
Off-Balance Sheet Items							
Guarantees and Commitments	2,472	-	30,324	12,444	289,427	-	-
Derivative Financial Instruments	-	-	-	-	2	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	241,825	-	125,817	127,276	783,159	-	-
Total Risk Weighted Assets	-	-	25,163	63,638	783,159	-	-

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	871,960	477,104
Amount Subject to Market Risk (ASMR)	9,313	20,088
Amount Subject to Operational Risk (ASOR)	65,709	57,364
Shareholders' Equity	207,075	104,831
Shareholders' Equity/(RWA + ASMR + ASOR) *100	21.87%	18.90%

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

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Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in capital	170,000	70,000
Nominal capital	170,000	70,000
Capital commitments (-)	-	-
Paid-in Capital Indexation Difference	25,432	25,432
Share premium	-	-
Cancellation Profits	-	-
Legal reserves	-	-
First legal reserve (Turkish Commercial Code 466/1)	-	-
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	10,425	9,823
Reserves allocated by the General Assembly	10,414	9,812
Retained earnings	11	11
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	-	-
Current period net profit	836	602
Prior years' profits	-	-
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated loans up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	-	(1,561)
Prepaid expenses (-)	(2,647)	(1,390)
Intangible assets (-)	(2,554)	(997)
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	206,693	105,856
SUPPLEMENTARY CAPITAL	5,583	2,922
General Loan Loss Reserves	5,309	2,922
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	-	-
Marketable securities value increase fund	274	-
Associates and subsidiaries	-	-
Available for sale securities	274	-
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	5,583	2,922
TIER III CAPITAL	-	-
CAPITAL	212,276	108,779
DEDUCTIONS FROM THE CAPITAL	(5,201)	(3,948)
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than Ten percent of capitals which exceed the ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Other	-	-
Total Shareholders' Equity	207,075	104,831

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II. Explanations Related to Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

Risks and limits related to treasury activities and customer based commercial activities are monitored daily. Moreover, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

The credit worthiness of the debtors of the loans and other receivables is monitored regularly as prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Most of the statement of accounts for the loans has been tried to derive from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies when the companies are audited. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and acquisitions related to forward transactions is normally realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries whose investment level is rated by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Bank is concerned.

As of December 31, 2008, the receivables of the Bank from its top 100 cash loan customers amount to TRY 378,252 Thousand (December 31, 2007: TRY 269,240 Thousand) with a share of 63.96% in the total cash loans (December 31, 2007: 64.27%).

As of December 31, 2008, the receivables of the Bank from its top 100 non-cash loan customers amount to TRY 506,462 Thousand (December 31, 2007: TRY 297,230 Thousand) with a share of 74.15% in the total non-cash loans (December 31, 2007: 72.40%).

The share of cash and non-cash receivables of the Bank from its top 100 customers in total balance sheet and off-balance sheet assets is 15.62% as of December 31, 2008 (December 31, 2007: 18.21%).

As of December 31, 2008, the general loan loss provision related with the credit risk is TRY 5,309 Thousand (December 31, 2007: TRY 2,922 Thousand).

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Credit risk by types of borrowers and geographical concentration:

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities(*)		Other Loans(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers	582,173	386,564	9,183	31,722	101,854	127,212	95,336	20,127
Private Sector	575,445	382,065	9,183	31,722	-	-	-	-
Public Sector	-	-	-	-	101,779	127,137	-	-
Banks	-	-	-	-	-	-	95,336	20,127
Retail	6,728	4,499	-	-	-	-	-	-
Share Certificates	-	-	-	-	75	75	-	-
Information according to geographical concentration	582,173	386,564	9,183	31,722	101,854	127,212	95,336	20,127
Domestic	580,765	382,344	9,183	31,722	101,854	127,212	30,869	3,309
European Union Countries	10	139	-	-	-	-	22,634	7,775
OECD Countries (***)	1,362	581	-	-	-	-	464	316
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	36	281	-	-	-	-	41,330	8,727
Other Countries	-	3,219	-	-	-	-	39	-
Total	582,173	386,564	9,183	31,722	101,854	127,212	95,336	20,127

(*) Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

(**) Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

(***) OECD countries other than European Union countries, USA and Canada.

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income
Current Period					
Domestic	954,682	607,768	636,480	75	836
European Union Countries	22,644	127,225	8,976	-	-
OECD Countries (*)	1,826	5,703	134	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	41,366	11,782	-	-	-
Other Countries	39	60,852	6,361	-	-
Associates, Subsidiaries and Entities Under Common Control	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	1,020,557	813,330	651,951	75	836
Prior Period					
Domestic	615,342	385,932	359,858	75	602
European Union Countries	7,787	93,077	16,071	-	-
OECD Countries (*)	1,016	4,195	2,397	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	9,007	16,405	-	-	-
Other Countries	3,225	30,985	-	-	-
Associates, Subsidiaries and Entities Under Common Control	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	636,377	530,594	378,326	75	602

(*) OECD countries other than EU countries, USA and Canada.

(**) Assets and liabilities that cannot be allocated on a coherent basis.

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Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	24,647	5.60	758	0.50	25,016	7.41	903	1.12
Farming and Raising Livestock	18,534	4.21	758	0.50	18,595	5.51	903	1.12
Forestry, Wood and Paper	6,005	1.37	-	-	6,411	1.91	-	-
Fishery	108	0.02	-	-	10	0.00	-	-
Manufacturing	220,399	50.12	103,789	68.45	87,886	26.03	29,630	36.71
Mining and Quarry	57,041	12.97	12,220	8.06	21,477	6.36	5,384	6.67
Production	163,123	37.10	91,569	60.39	59,648	17.67	22,860	28.32
Electricity, Gas and Water	235	0.05	-	-	6,761	2.00	1,386	1.72
Construction	31,514	7.17	1,031	0.68	35,355	10.47	4,103	5.08
Services	139,587	31.74	45,996	30.33	141,644	41.96	32,061	39.72
Wholesale and Retail Trade	58,413	13.28	1,473	0.97	41,849	12.40	913	1.13
Hotel, Tourism, Food and Beverage Services	10,557	2.40	13,984	9.22	7,826	2.32	11,920	14.77
Transportation and Communication	20,554	4.67	29,177	19.24	51,234	15.18	19,228	23.82
Financial Institutions	9,183	2.09	-	-	31,722	9.40	-	-
Real Estate and Renting Services	33,139	7.54	-	-	-	-	-	-
Self-Employment Services	5,891	1.34	1,362	0.90	634	0.19	-	-
Education Services	300	0.07	-	-	376	0.11	-	-
Health and Social Services	1,550	0.35	-	-	8,003	2.37	-	-
Other	23,579	5.36	56	0.04	47,673	14.12	14,015	17.36
Total	439,726	100	151,630	100	337,574	100	80,712	100

The analysis of Bank's financial assets per sectors by considering and not considering existing guarantees is as follows:

Current Period	Maximum Gross Amount Exposure to risk (*)	Maximum Net Amount Exposure to risk (*)
Agricultural	41,276	26,639
Farming and Raising Livestock	32,785	24,273
Forestry, Wood and Paper	8,352	2,278
Fishery	139	88
Manufacturing	611,861	421,634
Mining and Quarry	176,349	123,567
Production	434,379	297,586
Electricity, Gas and Water	1,133	481
Construction	264,995	232,855
Services	539,557	421,772
Wholesale and Retail Trade	103,767	71,904
Hotel, Tourism, Food and Beverage Service	25,558	3,569
Transportation and Communication	82,751	65,910
Financial Institutions	270,771	260,427
Real Estate and Renting Services	33,471	261
Self-Employment Services	16,628	14,330
Education Services	315	315
Health and Social Services	6,296	5,056
Other	140,668	126,899
Total	1,598,357	1,229,779

(*) Total amount of Cash loan risks and Non-cash loans risks.

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Prior Period	Maximum Gross Amount Exposure to risk (*)	Maximum Net Amount Exposure to risk (*)
Agricultural	37,824	19,440
Farming and Raising Livestock	28,471	19,416
Forestry, Wood and Paper	9,329	-
Fishery	24	24
Manufacturing	202,542	108,513
Mining and Quarry	60,158	43,355
Production	111,429	39,265
Electricity, Gas and Water	30,955	25,893
Construction	198,456	135,845
Services	417,790	268,947
Wholesale and Retail Trade	63,251	43,189
Hotel, Tourism, Food and Beverage Services	20,486	-
Transportation and Communication	94,244	41,247
Financial Institutions	220,396	180,824
Real Estate and Renting Services	286	4
Self-Employment Services	3,329	1,706
Education Services	400	400
Health and Social Services	15,398	1,577
Other	120,191	84,533
Total	976,803	617,268

(*) Total amount of Cash loan risks and Non-cash loans risks.

The table below shows the maximum exposure to credit risk for the components of the financial statements:

Gross Maximum Exposure	Current Period	Prior Period
Due from banks	95,336	20,127
Money market placements	123,351	-
Trading financial assets	931	127,137
Derivative financial instruments	8	-
Financial assets available-for-sale	71,159	75
Held to maturity investment	29,764	-
Loans	594,796	418,905
Total	915,345	566,244
Contingent liabilities	651,951	378,326
Commitments	31,061	32,233
Total	683,012	410,559
Total credit risk exposure	1,598,357	976,803

As of December 31,2008; before taking into account collaterals and other credit enhancements, the maximum credit risk exposure to any client or counterparty for cash loans is TRY 28,487 Thousand and for non cash loans is TRY 47,889 Thousand(December 31, 2007: TRY 18,479 Thousand, TRY 19,826 Thousand). After taking these items into account, it is TRY 28,487 Thousand for cash loans and and TRY 47,889 Thousand for non cash loans (December 31,2007: TRY 17,947 Thousand for cash loans, TRY 19,826 Thousand).

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Credit quality per class of financial assets as of December 31, 2008 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	95,336	-	95,336
Financial assets designated at fair value through profit or loss	939	-	939
Loans to customers			
Corporate lending	446,537	13,874	460,411
Small business lending	116,762	8,603	125,365
Consumer lending	8,546	474	9,020
Other	-	-	-
Total	668,120	22,951	691,071
Financial investments			
Quoted on a stock exchange-domestic public sector debt securities	-	-	-
Quoted on a stock exchange-Other debt securities	-	-	-
Unquoted on a stock exchange-Debt securities	-	-	-
Total	-	-	-
Total	668,120	22,951	691,071

Credit quality per class of financial assets as of December 31, 2007 is as follows:

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	20,127	-	20,127
Financial assets designated at fair value through profit or loss	127,137	-	127,137
Loans to customers			
Corporate lending	364,770	2,443	367,213
Small business lending	44,103	996	45,099
Consumer lending	6,430	163	6,593
Other	-	-	-
Total	562,567	3,602	566,169
Financial investments			
Quoted on a stock exchange-domestic public sector debt securities	-	-	-
Quoted on a stock exchange-Other debt securities	-	-	-
Unquoted on a stock exchange-Debt securities	-	-	-
Total	-	-	-
Total	562,567	3,602	566,169

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	Internal Rating Grade	Current Period	%	Prior Period	%
High					
Risk rating class 1	A+ Excellent	11,909	2.01	3,898	0.93
Risk rating class 2	A-Excellent	1,997	0.34	341	0.08
Good					
Risk rating class 3	B+ Very Good	39,619	6.70	14,059	3.36
Risk rating class 4	B-Very Good	67,245	11.37	37,704	9.01
Standard					
Risk rating class 5	C+ Good	110,113	18.62	77,046	18.42
Risk rating class 6	C-Good	92,671	15.67	95,142	22.75
Substandard					
Risk rating class 7	D+ Ordinary	58,010	9.81	66,910	16.00
Risk rating class 8	D-Ordinary	123,323	20.85	61,517	14.71
Risk rating class 9	E Bad	72,341	12.23	16,765	4.01
Risk rating class 10	F Very Bad	5,388	0.91	6,778	1.62
Unrated		8,740	1.48	38,126	9.11
Total		591,356	100	418,286	100

The Bank use 3 main factors for internal credit rating system. These are financial data, non-financial data and specialist decisions. Financial data consist of liquidity, financial structure, profitability, growth ratios and turnover rate. Non financial data consist of loan client business, relation with finance sector and sector analysis. The Bank measures the credit rating of companies by making comparisons regarding the financial data and non financial-data.

In the existing rating system, the collateral assigned to loans are not taken into account in the rating.

"F" rating;

Number of clients with F rating is 16 with O/S 5,388.

- Concentration is on "2 top" F rating clients with a total O/S 3,480.(65% of total O/S)
- From these two, one is distributed against mortgage with O/S 1,090.
- Another one is a company of a group having "B-" rating with O/S 2,388 (44% of total O/S)
- Remaining O/S is 1,910 in 14 different clients. 9 out of 14 are distributed against mortgage.

"E" rating;

Number of clients with E rating is 69 and total O/S is 72,341.

- 18 out of 69 are distributed against mortgage with O/S 44,016 (61% of total O/S)
- 21 out of are distributed against Customer Check with O/S 5,478 (8% of total O/S)
- Remainings are against Personal Guarrantee, Company Guarrantee and mixed collateral.

"D" rating;

Number of clients with D-rating is 122 and total O/S is 123,323.

- 25 out of 122 are distributed against mortgage with O/S 23,612 (19% of total O/S)
- 42 out of 122 are distributed against Customer Check with O/S 18,669 (15% of total O/S)
- 7 out of 122 are distributed against car pledge with O/S 30,997 (25% of total O/S)
- Remainings are against Personal Guarrantee, Company Guarrantee and mixed collateral.

The Bank made an agreement with a consulting firm which is authorized distributor of Dun and Bradstreet Ltd to establish a new credit scoring model which is applicable to small business and commercial/corporate segments to comply with Basel II and remediate the difficulties referred to above and the design of the model is completed. Application tests of the model continued to the end of 2008 and after evaluation of test results, it is planned to start using the model within the year 2009.

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Recorded amount of financial assets whose terms or maturities have been renegotiated:

	Current Period	Prior Period
Due from banks	-	-
Financial assets designated at fair value through profit or loss	-	-
Loans and advances to customers	129	176
Corporate lending	129	120
Small business lending	-	56
Consumer lending	-	-
Other	-	-
Total	129	176

III. Explanations Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" issued in the Official Gazette dated November 1, 2006 numbered 26333.

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarised below) is taken into consideration. Beside the standart method, market risk (VAR) is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by two different methods which are historic simulation and parametric method, and these results are also reported daily to the management.

Market risk (Value at risk) is also calculated by using internal model beside the standart method and results are supported by using scenario analysis and stress tests

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk-Standard Method	481
(II) Capital Requirement to be Employed For Specific Risk-Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk-Standard Method	264
(IV) Capital Requirement to be Employed For Commodity Risk-Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk-Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options-Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	745
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	9,313

b) Average market risk table calculated at the end of the months during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	557	730	375	1,105	1,341	798
Common Stock Risk	-	-	-	18	51	-
Currency Risk	137	346	77	211	449	102
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	8,675	10,350	5,963	16,674	20,863	13,200

Other price risks:

The Bank does not invest in share certificates quoted on a stock exchange hence it is not subject to share price risk.

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IV. Explanations Related to Operational Risk

- a) The Bank calculate amount subject to Operational risk by using the “Basic Indicator Approach” in accordance with the Communiqué on fourth part “Amount subject to Operational Risk Calculation” which was published in September 1, 2007, of “Measurement and Assessment of Capital Adequacy of Banks”, which was published on November 1, 2006 in the Official Gazette numbered 26333. Amount subject to Operational Risk is TRY 65,709 Thousand by using the year end gross revenue of prior 3 year 2005, 2006 and 2007. (December 31, 2007: TRY 57,364 Thousand)
- b) The Bank does not use the Standard Approach.

V. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions and stop losses which are followed up daily. Any possible changes in the foreign currency transactions in the Bank’s positions are also monitored.

As an element of the Bank’s risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

The announced current foreign exchange buying rates of the Bank at December 31, 2008 and the previous five working days in full TRY are as follows (Bank’s FC evaluation rates):

	24.12.2008	25.12.2008	26.12.2008	29.12.2008	30.12.2008	31.12.2008
USD	1.5168	1.5083	1.5026	1.5101	1.5184	1.5345
CHF	1.4133	1.4029	1.4022	1.446	1.4323	1.4411
GBP	2.2364	2.2095	2.2093	2.2086	2.2000	2.2454
100 JPY	1.6765	1.6685	1.6584	1.6724	1.6829	1.6904
EURO	2.1234	2.1125	2.1109	2.157	2.1474	2.1451

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2008 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.5452
CHF	1.3900
GBP	2.2965
100 JPY	1.6851
EURO	2.0821

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Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	4,099	4,486	-	90	8,675
Banks	14,281	79,967	46	1,032	95,326
Financial Assets at Fair Value Through Profit and Loss	8	-	-	-	8
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-	-
Loans (*)	135,937	160,643	-	-	296,580
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	14,222	27,920	-	-	42,142
Total Assets	168,547	273,016	46	1,122	442,731
Liabilities					
Bank Deposits	52	29	-	142	223
Foreign Currency Deposits	76,912	168,152	1	141	245,206
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	90,197	105,663	-	-	195,860
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	296	831	-	4	1,131
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	2,292	546	-	4	2,842
Total Liabilities	169,749	275,221	1	291	445,262
Net Balance Sheet Position	(1,202)	(2,205)	45	831	(2,531)
Net Off-Balance Sheet Position	112	-	-	-	112
Financial Derivative Assets	112	-	-	-	112
Financial Derivative Liabilities	-	-	-	-	-
Non-Cash Loans (**)	90,544	216,125	330	576	307,575
Prior Period					
Total Assets	109,127	150,460	140	1,054	260,781
Total Liabilities	64,478	197,905	12	55	262,450
Net Balance Sheet Position	44,649	(47,445)	128	999	(1,669)
Net Off-Balance Sheet Position	(43,633)	43,277	-	-	(356)
Financial Derivative Assets	-	43,277	-	-	43,277
Financial Derivative Liabilities	43,633	-	-	-	43,633
Non-Cash Loans (**)	59,144	118,824	704	3,320	181,992

(*) Foreign currency indexed loans amounting to TRY 144,950 Thousand (December 31, 2007: TRY 122,916 Thousand) are included in the loan portfolio.

(**) There are no effects on the net off-balance sheet position.

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Foreign currency sensitivity:

The Bank holds EUR and USD currencies positions mainly.

The following table details the Bank's sensitivity to a 10% increase or decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/(Negative) number indicates a change in profit or loss and other equity where USD and EUR increase %10 against TRY.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10	(221)	(417)	-	-
EURO	10	(109)	102	-	-

VI. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Department performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

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Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest bearing	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	19,566	-	-	-	-	11,797	31,363
Banks	74,896	-	-	-	-	20,440	95,336
Financial Assets at Fair Value Through Profit and Loss	9	321	371	238	-	-	939
Money Market Placements	123,351	-	-	-	-	-	123,351
Available-For-Sale Financial Assets	-	22,746	25,137	23,201	-	75	71,159
Loans (*)	472,598	30,220	45,571	42,945	22	-	591,356
Held-To-Maturity Investments	-	-	29,764	-	-	-	29,764
Other Assets (**)	-	-	-	-	-	77,364	77,364
Total Assets	690,420	53,287	100,843	66,384	22	109,676	1,020,632
Liabilities							
Bank Deposits	-	-	-	-	-	456	456
Other Deposits	394,481	129,603	1,818	190	-	51,339	577,431
Money Market Borrowings	7	-	-	-	-	-	7
Sundry Creditors	-	-	-	-	-	3,924	3,924
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	10,259	8,301	185,153	-	-	24	203,737
Other Liabilities (***)	108	209	1,053	919	-	232,788	235,077
Total Liabilities	404,855	138,113	188,024	1,109	-	288,531	1,020,632
Balance Sheet Long Position	285,565	-	-	65,275	22	-	350,862
Balance Sheet Short Position	-	(84,826)	(87,181)	-	-	(178,855)	(350,862)
Off-Balance Sheet Long Position	-	-	-	-	-	112	112
Off-Balance Sheet Short Position	-	-	-	-	-	(104)	(104)
Total Position	285,565	(84,826)	(87,181)	65,275	22	(178,847)	8

(*) Up to 1 month column consist of rotative loans and corporate FC indexed loans.

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 16,722 Thousand intangible assets amounting to TRY 2,554 Thousand, deferred tax asset amounting to TRY 1,075 Thousand, net non performing loans amounting to TRY 3,440 Thousand, FC reserve deposits amounting to TRY 41,940 Thousand, clearing account amounting to TRY 7,929 Thousand, prepaid expenses amounting to TRY 2,647 Thousand and other assets amounting to TRY 1,057 Thousand.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 207,302 Thousand.

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Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.18	0.15	-	12.00
Banks	1.46	0.06	-	-
Financial Assets At Fair Value Through Profit And Loss	-	-	-	16.17
Money Market Placements	-	-	-	16.18
Available-For-Sale Financial Assets	-	-	-	17.08
Loans	9.92	9.63	-	26.91
Held-To-Maturity Investments	-	-	-	16.58
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	7.28	7.19	-	23.60
Money Market Borrowings	-	-	-	13.59
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	6.01	3.99	-	17.88

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Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	-	-	-	-	-	16,528	16,528
Banks	16,588	-	-	-	-	3,539	20,127
Financial Assets at Fair Value Through Profit and Loss	-	7,297	50,809	65,254	3,777	-	127,137
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	75	75
Loans(*)	346,915	19,551	32,619	19,147	54	-	418,286
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets (**)	21,133	5,405	1,615	-	-	26,146	54,299
Total Assets	384,636	32,253	85,043	84,401	3,831	46,288	636,452
Liabilities							
Bank Deposits	1,000	-	-	-	-	446	1,446
Other Deposits	206,084	80,167	8,951	98	-	34,724	330,024
Money Market Borrowings	22,032	-	-	-	-	-	22,032
Sundry Creditors	-	-	-	-	-	2,793	2,793
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	8,109	123,337	14,559	-	-	-	146,005
Other Liabilities (***)	885	75	351	776	-	132,065	134,152
Total Liabilities	238,110	203,579	23,861	874	-	170,028	636,452
Balance Sheet Long Position	146,526	-	61,182	83,527	3,831	-	295,066
Balance Sheet Short Position	-	(171,326)	-	-	-	(123,740)	(295,066)
Off-Balance Sheet Long Position	-	-	-	-	-	47,531	47,531
Off-Balance Sheet Short Position	-	-	-	-	-	(47,892)	(47,892)
Total Position	146,526	(171,326)	61,182	83,527	3,831	(124,101)	(361)

(*) Up to 1 month column consist of rotative loans and corporate FC indexed loans.

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 5,952 Thousand, intangible assets amounting to TRY 997 Thousand, deferred tax asset amounting to TRY 1,012 Thousand, net non performing loans amounting to TRY 619 Thousand and other assets amounting to 17,566 Thousand TRY.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 105,858 Thousand.

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Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	TRY %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.70	2.33	-	12.93
Banks	3.41	4.54	-	-
Financial Assets At Fair Value Through Profit And Loss	5.88	6.75	-	16.73
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-
Loans	6.76	6.66	-	22.62
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	16.65
Other Deposits	3.85	5.37	-	19.46
Money Market Borrowings	-	-	-	16.72
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.97	5.79	-	15.43

Interest rate sensitivity:

If interest rates had been increased by 0.5% in TRY and by 0.5% in FC and all other variables were held constant, the Bank's:

- Net profit would change by TRY 739 Thousand decrease. The main reason of this is TRY interest rate risk. (December 31, 2007: TRY 293 Thousand change)
- Based on volumes without accruals and durations of the accounts standing under assets and liabilities less than one year and sensitive to interest and currency risk, expected gain or loss amount was calculated according to crisis simulations within making interest shocking.

Interest rate swap contracts:

The Bank does not have any interest rate swap contracts outstanding as of balance sheet date.

VII. Explanations Related to Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TRY and foreign currency assets and liabilities on the balance sheet and their costs. In this sense, various crisis scenarios which are prepared by risk management group are presented to management and inspection committee.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources.

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Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	31,363	-	-	-	-	-	-	31,363
Banks	20,440	74,896	-	-	-	-	-	95,336
Financial Assets at Fair Value Through Profit and Loss	-	9	170	371	291	98	-	939
Money Market Placements	-	123,351	-	-	-	-	-	123,351
Available-For-Sale Financial Assets	-	-	15,562	25,137	24,754	5,631	75	71,159
Loans (**)	-	472,598	30,220	45,571	42,945	22	-	591,356
Held-To-Maturity Investments	-	-	-	29,764	-	-	-	29,764
Other Assets	-	41,258	13,031	322	37	-	22,716	77,364
Total Assets	51,803	712,112	58,983	101,165	68,027	5,751	22,791	1,020,632
Liabilities								
Bank Deposits	456	-	-	-	-	-	-	456
Other Deposits	51,339	394,481	129,603	1,818	190	-	-	577,431
Funds Provided From Other Financial Institutions	-	10,283	8,301	185,153	-	-	-	203,737
Money Market Borrowings	-	7	-	-	-	-	-	7
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	3,924	-	-	-	-	-	3,924
Other Liabilities	-	17,149	209	1,053	919	-	215,747	235,077
Total Liabilities	51,795	425,844	138,113	188,024	1,109	-	215,747	1,020,632
Liquidity Gap	8	286,268	(79,130)	(86,859)	66,918	5,751	(192,956)	-
Prior Period								
Total Assets	20,067	402,202	24,956	85,043	86,013	9,516	8,655	636,452
Total Liabilities	35,170	261,780	84,854	142,587	874	-	111,187	636,452
Liquidity Gap	(15,103)	140,422	(59,898)	(57,544)	85,139	9,516	(102,532)	-

(*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as under undistributed.

(**) Rotative loans are up to 1 month column.

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Analysis of financial liabilities by remaining contractual maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2008							
Bank Deposits	456	-	-	-	-	-	456
Other deposits	448,295	131,818	1,869	203	-	(4,754)	577,431
Funds provided from other financial institutions	10,313	8,445	190,671	-	-	(5,692)	203,737
Money market borrowings	7	-	-	-	-	-	7
Total	459,071	140,263	192,540	203	-	(10,446)	781,631
As of December 31, 2007							
Bank Deposits	1,447	-	-	-	-	(1)	1,446
Other deposits	241,853	81,760	9,305	116	-	(3,010)	330,024
Funds provided from other financial institutions	11,520	4,668	134,391	-	-	(4,574)	146,005
Money market borrowings	22,042	-	-	-	-	(10)	22,032
Total	276,862	86,428	143,696	116	-	(7,595)	499,507

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2008						
Gross settled	104	-	-	-	-	104
Foreign exchange forward contracts	104	-	-	-	-	104
Currency swaps	-	-	-	-	-	-
Total	104	-	-	-	-	104
As of December 31, 2007						
Gross settled	43,633	-	-	-	-	43,633
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	43,633	-	-	-	-	43,633
Total	43,633	-	-	-	-	43,633

VIII. Explanations Related To Presentation of Financial Assets and Liabilities at Fair Value

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	910,966	438,488	908,938	438,018
Money Market Placements	123,351	-	123,351	-
Banks	95,336	20,127	95,336	20,127
Available-For-Sale Financial Assets	71,159	75	71,159	75
Held-To-Maturity Investments	29,764	-	29,738	-
Loans	591,356	418,286	589,354	417,816
Financial Liabilities	785,548	480,268	787,081	479,978
Bank Deposits	456	1,446	456	1,446
Other Deposits	577,431	330,024	578,964	329,734
Funds Borrowed From Other Financial Institutions	203,737	146,005	203,737	146,005
Marketable Securities Issued	-	-	-	-
Sundry Creditors	3,924	2,793	3,924	2,793

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The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market, and those where the valuation techniques involves the use of non observable inputs.

Current Period	Quoted	Valuation techniques-market observable	Valuation techniques-non market observable	Fair value not available
Financial Assets				
Money Market Placements	-	123,351	-	-
Banks	-	95,336	-	-
Available-For-Sale Financial Assets	71,159	-	-	-
Held-To-Maturity Investments	29,738	-	-	-
Loans	-	589,354	-	-
Financial Liabilities				
Bank Deposits	-	456	-	-
Other Deposits	-	578,964	-	-
Funds Borrowed From Other Financial Institutions	-	203,737	-	-
Marketable Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	3,924
Prior Period				
Financial Assets				
Money Market Placements	-	-	-	-
Banks	-	20,127	-	-
Available-For-Sale Financial Assets	-	75	-	-
Held-To-Maturity Investments	-	-	-	-
Loans	-	417,816	-	-
Financial Liabilities				
Bank Deposits	-	1,446	-	-
Other Deposits	-	329,734	-	-
Funds Borrowed From Other Financial Institutions	-	146,005	-	-
Marketable Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	2,793

IX. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank does not deal with transactions made on behalf of others and fiduciary transactions.

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SECTION FIVE
EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	3,115	7,909	1,069	4,289
Balances with the Central Bank of Turkey	19,573	766	10,702	468
Other	-	-	-	-
Total	22,688	8,675	11,771	4,757

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits (*)	19,573	766	10,702	468
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Total	19,573	766	10,702	468

(*) Unrestricted demand deposits include TRY 19,566 Thousand (December 31, 2007: TRY 10,695 Thousand) domestic currency unrestricted demand deposit balance comprising reserve deposits. Unrestricted demand deposits balance also include average reserve deposits held in the Central Bank. The interest rates applied for reserve deposits are 12% for TRY deposits (December 31, 2007: TRY 11.81% and FC 1.80%-1.95%), respectively.

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	44,696	-
Other	-	-	-	-
Total	-	-	44,696	-

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	8	-	24,161	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	8	-	24,161	-

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 923 Thousand. (December 31, 2007: TRY 54,467 Thousand).

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a.3) Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	8	-	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	8	-	-	-

3.a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	10	30,859	15	3,294
Foreign	-	64,467	-	16,818
Branches and head office abroad	-	-	-	-
Total	10	95,326	15	20,112

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	22,634	7,775	-	-
USA and Canada	41,330	8,727	-	-
OECD Countries*	464	316	-	-
Off-shore banking regions	-	-	-	-
Other	39	-	-	-
Total	64,467	16,818	-	-

(*) OECD countries other than European Union countries, USA and Canada.

4. Information on financial assets available-for-sale:

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	24,705	-	-	-
Other	-	-	-	-
Total	24,705	-	-	-

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a.2) Information on financial assets available for sale subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	-	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Net book value of unrestricted financial assets available-for-sale is TRY 46,379 Thousand and there are unquoted stocks amounting TRY 75 Thousand (December 31, 2007: TRY 75 Thousand).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	71,084	-
Quoted on a stock exchange	71,084	-
Not quoted	-	-
Share certificates	75	75
Quoted on a stock exchange	-	-
Not quoted	75	75
Impairment provision(-)	-	-
Total	71,159	75

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 75 Thousand which is recorded at cost since its fair value cannot be reliably estimated (December 31, 2007: TRY 75 Thousand).

5. Information on loans:

a) Information on all types of loans or advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	3,975	74	253
Corporate shareholders	-	3,975	-	-
Real person shareholders	-	-	74	253
Indirect loans granted to shareholders	-	16,492	420	11,849
Loans granted to employees	364	980	155	40
Total	364	21,447	649	12,142

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b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-specialized loans	571,716	129	19,511	-
Discount notes	-	-	-	-
Export loans	154,922	129	3,212	-
Import loans	-	-	-	-
Loans given to financial sector	9,183	-	-	-
Foreign loans	46	-	1,362	-
Consumer loans	6,122	-	414	-
Credit cards	192	-	-	-
Precious metals loans	-	-	-	-
Other	401,251	-	14,523	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	571,716	129	19,511	-

c) Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short-term loans and other receivables	476,854	-	15,909	-
Non-specialized loans	476,854	-	15,909	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	94,862	129	3,602	-
Non-specialized loans	94,862	129	3,602	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	571,716	129	19,511	-

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d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	493	3,993	4,486
Housing Loans	-	1,146	1,146
Car Loans	80	683	763
General Purpose Loans	367	2,057	2,424
Other	46	107	153
Consumer Loans-Indexed to FC	-	1,551	1,551
Housing Loans	-	873	873
Car Loans	-	66	66
General Purpose Loans	-	-	-
Other	-	612	612
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	100	-	100
With Installments	-	-	-
Without Installments	100	-	100
Individual Credit Cards-FC	19	-	19
With Installments	-	-	-
Without Installments	19	-	19
Personnel Loans-TRY	123	26	149
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	76	26	102
Other	47	-	47
Personnel Loans-Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	73	-	73
With Installments	-	-	-
Without Installments	73	-	73
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	350	-	350
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	1,158	5,570	6,728

(*) Overdraft Accounts includes TRY 110 Thousand personnel loans.

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e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	9,291	29,626	38,917
Business Loans	-	564	564
Car Loans	5	1,354	1,359
General Purpose Loans	5	2,744	2,749
Other	9,281	24,964	34,245
Commercial loans with installment facility-Indexed to FC	2,276	44,235	46,511
Business Loans	-	148	148
Car Loans	1,488	23,944	25,432
General Purpose Loans	-	-	-
Other	788	20,143	20,931
Commercial loans with installment facility-FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY (Legal Entities)	6,289	-	6,289
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	17,856	73,861	91,717

f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	591,356	418,286
Total	591,356	418,286

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	589,948	414,066
Foreign loans	1,408	4,220
Total	591,356	418,286

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	-
Indirect loans granted to subsidiaries and associates	-	-
Total	-	-

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i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	767	2
Loans and receivables with doubtful collectibility	3,542	3,534
Uncollectible loans and receivables	7,741	4,996
Total	12,050	8,532

j) Information on non-performing loans (Net):

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: None.

j.2) The movement of non-performing loans:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables(*)
Prior period end balance	146	3,798	5,207
Additions (+)	8,265	17	81
Transfers from other categories of non-performing loans (+)	-	4,956	3,824
Transfers to other categories of non-performing loans (-)	(4,956)	(3,824)	-
Collections (-)	(54)	(514)	(737)
Write-offs (-)	-	-	(719)
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
Current period end balance	3,401	4,433	7,656
Specific provision (-)	(767)	(3,542)	(7,741)
Net Balances on Balance Sheet	2,634	891	(85)

(*) Special provision for uncollectible loans and receivables consists special provisions for rescheduled loans at an amount of TRY 129 Thousand. (December 31, 2007: TRY 73 Thousand).

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j.3) Information on foreign currency non-performing loans and other receivables: None.

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables(*)
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	3,401	4,433	7,656
Specific provision (-)	(767)	(3,542)	(7,741)
Loans to Real Persons and Legal Entities (Net)	2,634	891	(85)
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	146	3,798	5,207
Loans to Real Persons and Legal Entities (Gross)	(2)	(3,534)	(4,996)
Specific provision (-)	144	264	211
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

k) Main principles of liquidation policies of non performing loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated November 1, 2006; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree.

l) Explanations on write-off policy:

Upon the request of internal legal counsel and credit department for those doubtful loans that have no proven change of recovery, write off is evaluated according to the authority delegated by the Board Of Directors.

According to the December 16,2008 Board of Directors resolution no 474, balance of debtors under legal follow up with evidence of insolvency amounting to TRY 719 Thousand is written off from assets with TRY 0.01 remaining for record purposes.

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m) Other explanations and disclosures:

Current Period	Corporate	Small Business	Retail	Other	Total
Neither past due nor impaired	446,408	116,762	8,546	-	571,716
Past due not impaired	11,530	7,574	407	-	19,511
Restructured loans	129	-	-	-	129
Individually impaired	12,046	2,607	764	73	15,490
Total gross	470,113	126,943	9,717	73	606,846
Less: allowance for individually impaired loans	(9,702)	(1,578)	(697)	(73)	(12,050)
Total net	460,411	125,365	9,020	-	594,796

Prior Period	Corporate	Small Business	Retail	Other	Total
Neither past due nor impaired	364,650	44,047	6,430	-	415,127
Past due not impaired	1,987	996	-	-	2,983
Restructured loans	120	56	-	-	176
Individually impaired	7,598	236	1,317	-	9,151
Total gross	374,355	45,335	7,747	-	427,437
Less: allowance for individually impaired loans	(7,142)	(236)	(1,154)	-	(8,532)
Total net	367,213	45,099	6,593	-	418,905

A reconciliation of the allowance for impairment losses and advances by classes is as follows;

	Corporate	Small Business	Retail	Other	Total
At January 1, 2008	7,142	236	1,154	-	8,532
Change from business division	156	69	(298)	73	-
Charge for the period	1,276	696	25	-	1,997
Recoveries	(490)	(36)	(81)	-	(607)
Additions	2,188	619	40	-	2,847
Amounts written off	(570)	(6)	(143)	-	(719)
Accrued interest on impaired loans and advances	-	-	-	-	-
At December 31, 2008	9,702	1,578	697	73	12,050

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired as of December 31, 2008 is TRY 3,292 Thousand. (December 31, 2007: TRY 2,196 Thousand).

Collaterals and credit enhancements obtained during the period: None (December 31, 2007: TRY 774 Thousand).

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Aging analysis of past due but not impaired loans per class of financial instruments is as follows:

Current Period	Less than 30 days	31-60 Days	61-90 Days	More than 91 Days	Total
Loans and advances to customers					
Corporate lending	6,067	1,106	4,357	-	11,530
Small business lending	4,692	1,707	1,175	-	7,574
Consumer lending	111	110	186	-	407
Other	-	-	-	-	-
Total	10,870	2,923	5,718	-	19,511

Prior Period	Less than 30 days	31-60 Days	61-90 Days	More than 91 Days	Total
Loans and advances to customers					
Corporate lending	1,987	-	-	-	1,987
Small business lending	958	-	38	-	996
Consumer lending	-	-	-	-	-
Other	-	-	-	-	-
Total	2,945	-	38	-	2,983

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank held as of December 31, 2008 is TRY 30,958 Thousand (December 31, 2007: TRY 27,434 Thousand) for the total aggregate amount of gross past due but not yet impaired loans and advances to customers.

Loans and advances amounting to TRY 442,588 Thousand have floating interest rates (December 31, 2007: TRY 314,041 Thousand) and the remaining TRY 148,768 Thousand have fixed interest rates. (December 31, 2007: TRY 104,245 Thousand).

6. Information on held-to-maturity investments:

a.1) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	17,215	-	-	-
Other	-	-	-	-
Total	17,215	-	-	-

a.2) Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	-	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 12,549 Thousand. (December 31, 2007: None)

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b) Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government bonds	29,764	-
Treasury bills	-	-
Other public sector debt securities	-	-
Total	29,764	-

c) Information on held-to-maturity investments:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	29,764	-	-	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	29,764	-	-	-

d) Movement of held-to-maturity investments:

	Current period	Prior Period
Beginning balance	-	-
Foreign currency differences on monetary assets	-	-
Purchases during year	29,764	-
Disposal through sales and redemptions	-	-
Impairment provision (-)	-	-
Closing Balance	29,764	-

7. Information on associates (Net):

The Bank has no associates in the current period

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on entities under common control:

The Bank has no entities under common control in the current period.

10. Information on finance lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes in the current period.

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12. Information on tangible assets (Net):

	Opening Balance December 31, 2007	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2008
Cost:						
Land and buildings	-	-	-	-	-	-
Leased tangible assets	4,237	1,321	-	400	-	5,958
Vehicles	167	-	(167)	-	-	-
Other	12,615	13,293	(356)	(748)	-	24,804
Total Cost	17,019	14,614	(523)	(348)	-	30,762

	Opening Balance December 31, 2007	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2008
Accumulated Depreciation:						
Land and buildings	-	-	-	-	-	-
Leased tangible assets	(2,780)	(656)	-	-	(2)	(3,438)
Vehicles	(166)	-	166	-	-	-
Other	(8,121)	(2,496)	7	2	6	(10,602)
Total Accumulated Depreciation	(11,067)	(3,152)	173	2	4	(14,040)
Net Book Value	5,952	11,462	(350)	(346)	4	16,722

a) If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:

a.1) Events and conditions for recording or reversing impairment: None.

a.2) Amount of recorded or reversed impairment in the financial statements: None.

b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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13. Information on intangible assets:

	Opening Balance December 31, 2007	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2008
Cost:						
Software cost	4,658	2,190	-	348	-	7,196
Other intangible assets	296	-	(296)	-	-	-
Total Cost	4,954	2,190	(296)	348	-	7,196
	Opening Balance December 31, 2007	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2008
Accumulated Depreciation:						
Software cost	(3,837)	(811)	-	(2)	8	(4,642)
Other intangible assets	(120)	-	120	-	-	-
Total Accumulated Depreciation	(3,957)	(811)	120	(2)	8	(4,642)
Net Book Value	997	1,379	(176)	346	8	2,554

a) Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.

d) The book value of intangible fixed assets that are pledged or restricted for use: None.

e) Amount of purchase commitments for intangible fixed assets: None.

f) Information on revalued intangible assets according to their types: None.

g) Amount of total research and development expenses recorded in income statement within the period if any: None.

h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements.

i) Information on goodwill: None.

j) Movements on goodwill in the current period: None.

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14. Investment Property (Net): None.

15. Explanations on deferred tax asset:

a) As of December 31, 2008, the carried forward tax losses and tax deductions or exemptions over which deferred tax asset is computed as TRY 889 Thousand. (December 31, 2007: TRY 837 Thousand), deferred tax asset computed on the other temporary differences is TRY 75 Thousand (December 31, 2007: TRY 175 Thousand).

b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.

c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

d) Movement of deferred tax:

	Current Period	Prior Period
At January 1,	1,012	1,051
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	215	(39)
Deferred tax (charge)/benefit (Net)	-	-
Deferred tax accounted for under Shareholders' Equity	(152)	-
Deferred Tax Asset	1,075	1,012

16. Information on assets held for sale and discontinued operations: None.

17. Information on other assets:

a) Breakdown of other assets:

	Current Period	Prior Period
Prepaid Rent Expenses	676	831
Advances Given	215	3,344
Reserve Deposits	41,940	28,145
Exchange accounts	7,929	12,693
Other	2,813	706
Total	53,573	45,719

b) Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

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II. Explanations Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	3,230	-	32,352	206,723	206	359	248	-	243,118
Foreign currency deposits	25,558	-	28,519	184,350	3,540	2,491	748	-	245,206
Residents in Turkey	25,341	-	28,361	179,395	3,182	2,348	394	-	239,021
Residents abroad	217	-	158	4,955	358	143	354	-	6,185
Public sector deposits	3,256	-	-	-	-	-	-	-	3,256
Commercial deposits	19,234	-	28,278	36,401	-	9	-	-	83,922
Other institutions deposits	61	-	770	1,098	-	-	-	-	1,929
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	456	-	-	-	-	-	-	-	456
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	4	-	-	-	-	-	-	-	4
Foreign Banks	452	-	-	-	-	-	-	-	452
Special finance houses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	51,795	-	89,919	428,572	3,746	2,859	996	-	577,887

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	2,661	-	9,885	137,855	17,237	1,267	99	-	169,004
Foreign currency deposits	14,543	-	26,911	44,577	24,307	4,333	757	-	115,428
Residents in Turkey	14,223	-	26,706	43,395	22,302	2,640	452	-	109,718
Residents abroad	320	-	205	1,182	2,005	1,693	305	-	5,710
Public sector deposits	3,685	-	-	-	-	-	-	-	3,685
Commercial deposits	13,811	-	14,992	12,088	12	8	-	-	40,911
Other institutions deposits	24	-	15	957	-	-	-	-	996
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	446	-	1,000	-	-	-	-	-	1,446
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	344	-	1,000	-	-	-	-	-	1,344
Foreign Banks	102	-	-	-	-	-	-	-	102
Special finance houses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	35,170	-	52,803	195,477	41,556	5,608	856	-	331,470

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b.1) Information on saving deposits under the guarantee of saving deposits insurance:

i. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	Current Period (*)	Prior Period	Current Period(*)	Prior Period
Saving deposits	87,573	44,374	152,884	122,436
Foreign currency saving deposits	31,128	20,613	115,294	49,523
Other deposits in the form of saving deposits	329	177	2,708	2,263
Foreign branches' deposits under foreign Authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	119,030	65,164	270,886	174,222

(*) According to the BRSA's circular no 1584 dated on February 23, 2005, accruals are included in the saving deposit amount.

ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	151	206
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	-	-	399
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	-	-	399

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	5,242	3,216	2,777	4,606
From Foreign Banks, Institutions and Funds	2,635	192,644	-	138,622
Total	7,877	195,860	2,777	143,228

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b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	7,877	195,860	2,777	136,899
Medium and long-term	-	-	-	6,329
Total	7,877	195,860	2,777	143,228

c) Additional explanations related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by customer deposits and foreign borrowings.

49% of bank deposits and 42% of other deposits are composed of foreign currency deposits.

4. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	7	-	22,032	-
Financial institutions and organizations	-	-	7,503	-
Other institutions and organizations	-	-	14,507	-
Real persons	7	-	22	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	7	-	22,032	-

5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total: None.

6. Explanations on financial lease obligations (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.

c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1,502	1,370	560	483
Between 1-4 Years	949	918	822	777
More than 4 Years	-	-	-	-
Total	2,451	2,288	1,382	1,260

d) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. During first nine months of 2008, operational lease expenses amounting to TRY 5,507 Thousand have been recorded in the profit and loss accounts. The lease periods vary between 5 and 10 years. (2007: TRY 1,919 Thousand)

e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

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7. Information on derivative financial liabilities for hedging purposes: None.

8. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	4,009	2,500
Provisions for Second Group Loans and Receivables	359	18
Provisions for non-Cash Loans	941	404
Other	-	-
Total	5,309	2,922

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 9 Thousand (December 31, 2007: TRY 7,394 Thousand) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 1,092 Thousand (December 31, 2007: TRY 805 Thousand) were provided for unindemnified non cash loans.

d) Information on employee termination benefits and unused vacation accrual:

Bank has calculated the reserve for employee termination benefits by using actuarial valuation methods as set out in the TAS No:19 and reflected this in the financial statements.

d.1) Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1,	807	655
Service cost	255	166
Interest cost	80	67
Actuarial gain/(loss)	(63)	(30)
Benefits paid	(376)	(51)
Additional indemnities or gain/ (loss)	259	-
Total	962	807

d.2) Provision for employee benefits table:

	Current Period	Prior Period
Provision for employee benefits	721	433
Other	-	-
Total	721	433

e) Information on other provisions:

e.1) Provisions for possible losses: None.

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
The specific provisions provided for unindemnified non cash loans	1,092	805
Provisions for litigation	362	362
Total	1,454	1,167

f) Liabilities on pension rights: None.

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": None.

f.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None.

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9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	-	-

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	-	-
Payroll Tax	763	423
Taxation on Securities	1,012	493
Property Tax	159	88
Banking and Insurance Transaction Tax (BITT)	1,303	447
Foreign Exchange Transaction Tax	-	38
Value Added Tax Payable	69	36
Stamp Tax	19	16
Other	9	2
Total	3,334	1,543

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	221	143
Social Security Premiums-Employer	319	207
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	15	10
Unemployment Insurance-Employer	30	19
Other	-	-
Total	585	379

c) Explanations on deferred tax liabilities, if any: None.

10. Information on liabilities regarding assets held for sale and discontinued operations: None.

11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Bank does not have subordinated loans.

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12. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of December 31, 2008 the Bank's nominal paid-in-capital amounting to TRY 170,000 Thousand consists of 1,700 million shares.

	Current Period	Prior Period
Common stock(*)	170,000	70,000
Preferred stock	-	-

(*) Nominal Capital

b) The Bank does not apply registered share capital system.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

Based on a decision at the meeting of the Extraordinary General Assembly on February, 12 2008, the Bank decided to increase the paid-in capital of the Bank from TRY 70,000 Thousand to TRY 170,000 Thousand by TRY 100,000 Thousand. The Bank's capital increase amounting to TRY 100,000 Thousand was registered with Istanbul Trade Registry Office on February 22, 2008. The capital increase procedures were completed.

It was decided that 2/3 (two thirds) of the Bank's capital increase will be paid in three months at the latest from the registry and 1/3 the remaining part will be paid in nine months at the latest from the registry.

First call payment of TRY 66,667 Thousand was realised on February 28, 2008 and was approved by BRSA's March 25, 2008 dated and 4334 numbered correspondence.

Second call payment of TRY 33,333 Thousand was realised on June 2, 2008 and was approved by BRSA's June 23, 2008 dated and 8487 numbered correspondence.

d) Information on share capital increases from revaluation funds in the current period: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Prior year income, profitability and liquidity of the Bank is closely monitored by the Financial Reporting Department and reported to the Board of Directors, Asset and Liability Committee. Risk Management tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

g) Information on preferred shares: None.

h) Information on marketable securities value increase fund:

	Current Period	Prior Period
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	608	-
Foreign Exchange Difference	-	-
Total	608	-

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13. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	624	624
Second legal reserves	-	-
Other legal reserves appropriated in accordance with special legislation	-	-
Total	624	624

14. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	-	-
Retained earnings	9,790	11,852
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	9,790	11,852

15. Information on minority shares: None.

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 1,865 Thousand and TRY 1,463 Thousand; payment commitments for checks are TRY 21,368 Thousand and TRY 14,940 Thousand as of December 31, 2008 and December 31, 2007 respectively.

b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

As of December 31, 2008, the total guarantees and commitments consist of letters of guarantee amounting to TRY 511,219 Thousand (December 31, 2007: TRY 284,273 Thousand) acceptances amounting to TRY 14,299 Thousand (December 31, 2007: TRY 10,303 Thousand), letters of credit amounting to TRY 103,938 Thousand (December 31, 2007: TRY 72,984 Thousand) and other guarantees and commitments amounting to TRY 22,495 Thousand (December 31, 2007: TRY 10,766 Thousand).

b.2) Guarantees, suretyships, and similar transactions:

	Current Period	Prior Period
Definite Letter of Guarantees	336,372	235,631
Temporary Letter of Guarantees	82,409	27,109
Suretyships and Similar Transactions	-	-
Other Letter of Guarantees	92,438	21,533
Total	511,219	284,273

c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	20,706	11,298
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	20,706	11,298
Other non-cash loans	631,245	367,028
Commitments	31,061	23,720
Total	683,012	402,046

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c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	8,010	2.14	7,539	2.45	3,367	1.54	5,835	3.18
Farming and raising livestock	7,614	2.03	5,558	1.81	2,060	0.94	4,210	2.29
Forestry	366	0.10	1,981	0.64	1,293	0.59	1,625	0.88
Fishery	30	0.01	-	-	14	0.01	-	-
Manufacturing	151,867	40.45	133,347	43.35	36,284	16.62	52,990	28.84
Mining	85,916	22.88	20,119	6.54	20,896	9.57	12,306	6.70
Production	65,053	17.33	113,228	36.81	9,824	4.50	18,147	9.88
Electric, gas and water	898	0.24	-	-	5,564	2.55	22,537	12.27
Construction	116,554	31.04	115,365	37.51	89,287	40.90	69,502	37.83
Services	84,582	22.52	50,663	16.49	67,876	31.09	25,897	14.09
Wholesale and retail trade	31,034	8.27	12,813	4.17	15,863	7.27	1,991	1.08
Hotel, food and beverage services	1,017	0.27	-	-	739	0.34	-	-
Transportation and telecommunication	10,793	2.87	22,228	7.23	17,349	7.95	6,240	3.40
Financial institutions	34,873	9.29	8,019	2.61	24,083	11.03	17,108	9.31
Real estate and renting services	315	0.08	17	0.01	286	0.13	-	-
Self-employment services	1,912	0.51	7,463	2.43	2,695	1.23	-	-
Education services	16	0.00	-	-	24	0.01	-	-
Health and social services	4,622	1.23	123	0.04	6,837	3.13	558	0.30
Other	14,424	3.84	661	0.21	21,497	9.85	29,511	16.06
Total	375,437	100	307,575	100	218,311	100	183,735	100

(*) Non cash loans include commitments.

c.3) Information on I st and II nd Group non-cash loans:

Non-cash loans	I st Group		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	330,348	158,030	14,028	8,813
Bank acceptances	-	14,299	-	-
Letters of credit	-	103,804	-	134
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	-	22,495	-	-
Loan Granting Commitments	7,828	-	-	-
Payment Commitments for Checks	20,750	-	618	-
Commitments for credit card expenditure limits	1,865	-	-	-
Total	360,791	298,628	14,646	8,947

The Bank provided a reserve of TRY 1,092 Thousand for non-cash loans not yet indemnified amounting to TRY 2,235 Thousand.

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2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):				
Forward transactions	216	-	-	-
Swap transactions	-	86,910	-	-
Futures transactions	-	-	-	-
Option transactions	-	-	-	-
Interest related derivative transactions (II):				
Forward rate transactions	-	-	-	-
Interest rate swap transactions	-	-	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)				
A.Total trading derivative transactions (I+II+III)	216	86,910	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	216	86,910	-	-

Forward foreign exchange and swap transactions are based on protection from currency fluctuations. According to TAS, they do not qualify as hedging instruments but trading and are remeasured at fair value.

As of December 31, 2008 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	-	104	-	-	-	-	-	-
USD	-	-	-	-	-	-	-	-
EURO	112	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	112	104	-	-	-	-	-	-
Prior Period								
TRY	-	-	-	-	-	-	-	-
USD	-	-	43,277	-	-	-	-	-
EURO	-	-	-	43,633	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	-	-	43,277	43,633	-	-	-	-

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3. Explanations on contingent liabilities and assets:

a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.

a.2) Share of entity under common control (joint venture) in its own contingent liabilities: None.

a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements:

b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of December 31, 2008 there are no contingent assets that need to be explained.

b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: As of December 31, 2008 there are no contingent liabilities that need to be explained.

4. Custodian and intermediary services:

The Bank provides security purchase-sell and safe keeping services in the name of real persons and legal entities. Details of investment securities held in custody are given in the Statement of Off Balance Sheet Contingencies and Commitments.

5. The information on the Bank's rating by in the international rating introductions:

The results of the rating performed by Fitch Ratings are shown below:

Fitch Ratings: December 2008	
Foreign Currency Commitments	
Long term	BB
Short term	B
View	Stable
New Turkish Lira Commitments	
Long term	BBB-
Short term	F3
View	Stable
National	AAA(tur)
View	Stable
Individual Rating	D
Support Points	3

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IV. Explanations Related to the Income Statement

1. a) Information on interest on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	78,177	11,425	40,063	4,258
Medium and long term loans	10,150	10	4,629	23
Interest on non-performing loans	229	-	360	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	88,556	11,435	45,052	4,281

(*) Includes fees and commissions obtained from cash loans.

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	8	-	12
Domestic banks	155	384	116	429
Foreign banks	42	804	109	2,156
Branches and head office abroad	-	-	-	-
Total	197	1,196	225	2,597

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	3,716	-	22,176	100
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	9,670	-	-	61
Held-to-maturity securities	4,031	-	-	-
Total	17,417	-	22,176	161

d) Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	-	-

2. a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	857	9,422	476	6,559
The Central Bank of Turkey	-	-	-	-
Domestic banks	742	269	476	229
Foreign banks	115	9,153	-	6,330
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	857	9,422	476	6,559

(*) Includes fees and commission expenses for borrowings.

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b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expense to associates and subsidiaries	-	-

c) Information on interest expense to marketable securities issued: None.

d) Distribution of interest expense on deposits based on maturity of deposits:

Account Name	Time Deposits						Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank deposits	-	77	-	-	-	-	-	77
Saving deposits	-	5,219	31,242	370	83	37	-	36,951
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	5,416	4,335	5	-	-	-	9,756
Other deposits	-	62	232	-	-	-	-	294
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	10,774	35,809	375	83	37	-	47,078
Foreign Currency								
Foreign currency deposits	17	2,372	6,996	819	437	38	-	10,679
Bank deposits	-	10	-	-	-	-	-	10
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	17	2,382	6,996	819	437	38	-	10,689
Grand Total	17	13,156	42,805	1,194	520	75	-	57,767

3. Information on dividend income:

	Current Period	Prior Period
Trading securities		
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	6	5
Other	-	-
Total	6	5

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4. Information on net trading income:

	Current Period	Prior Period
Income	1,333,083	233,097
Gains on capital market operations	15,106	5,597
Gains on derivative financial instruments	14,499	5,310
Other	607	287
Foreign exchange gains	1,317,977	227,500
Losses (-)	(1,332,643)	(230,214)
Losses on capital market operations	(11,291)	(5,173)
Losses on derivative financial instruments	(10,284)	(5,082)
Other	(1,007)	(91)
Foreign exchange losses	(1,321,352)	(225,041)

5. Information on other operating income:

The information on the factors affecting the Bank's income including new developments, and the explanation on nature and amount of income earned from such items:

The Bank has waived from the lawsuit opened against the Ministry of Finance of the Turkish Republic ("Ministry") based on the requirement about the deduction from the tax base of the Bank based on the Temporary Article 4 with the Banking Law No: 4389 by using the statutory and other reserves as an expense within the framework set out in Paragraph 7 of Article 14 of the annulled Corporate Tax Law No: 5422, and has settled with the Ministry based on Article 3 of Law No: 5736 "Collection of Some Government Receivables by Compromise Procedures" published in the Official Gazette No: 26800 on February 27, 2008 and reflected its receivable amounting to TRY 3,611 Thousand in its financial statements which became collectible with the notification to the Bank.

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6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	4,792	3,962
III. Group Loans and Receivables	1,682	777
IV. Group Loans and Receivables	785	2,061
V. Group Loans and Receivables	2,325	1,124
General loan loss provision expenses	2,387	1,017
Provision expenses for possible losses	-	112
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investments held to maturity	-	-
Other	349	198
Total	7,528	5,289

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	35,721	19,121
Reserve for employee termination benefits	443	210
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	3,123	882
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	813	303
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	27	15
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	14,819	9,333
Rent expenses	5,507	1,919
Maintenance expenses	479	365
Advertisement expenses	309	1,478
Other expenses(*)	8,524	5,571
Loss on sales of assets	-	76
Other(**)	3,767	2,388
Total	58,713	32,328

(*) Included in other operating expenses; vehicle expenses are TRY 2,257 Thousand, communication expenses are TRY 1,652 Thousand, cleaning expenses are TRY 1,216 Thousand, installation and improvements expensed as disallowables are TRY 134 Thousand, heating-lighting expenses are TRY 713 Thousand, stationery are TRY 408 Thousand and other expenses are TRY 2,144 Thousand. (December 31, 2007: TRY 1,206 Thousand vehicle; TRY 1,161 Thousand communication, TRY 658 stationery; TRY 450 Thousand cleaning, TRY 2,096 Thousand other expenses).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 563 Thousand, assurance and financial services expenses are TRY 1,259 Thousand; taxes duties charge expenses are 1,060 TRY Thousand, installation and improvements expensed are TRY 437 Thousand and other expenses are TRY 448 Thousand (December 31, 2007: TRY 299 Thousand the premiums paid to Saving Deposit Insurance Fund; TRY 954 Thousand assurance and financial consultancy expenses; TRY 303 Thousand notary and fee expenses; TRY 832 Thousand other expenses).

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(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated.)

8. Information on profit/(loss) from continued and discontinued operations before taxes:

The Bank has TRY 641 Thousand profit before tax in December 2007 and TRY 621 Thousand profit before tax in December 2008. In comparison with the prior year, The Bank's net interest income increased by 97%, provisions and operating expenses increased by 76% and commissions(net) and other income increased by 62%.

9. Information on tax provision for continued and discontinued operations:

a) As of December 31, 2008, deferred tax benefit is TRY 215 Thousand (December 2007: TRY 39 Thousand deferred tax charge)

b) Deferred tax charge on temporary differences except carried forward tax losses is TRY 163 Thousand. (December 2007: TRY 39 Thousand deferred tax charge)

c) Deferred tax benefit for temporary differences on carried forward tax losses or tax exemptions or deductions: TRY 52 Thousand.(December 2007: None).

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	621	641
Tax at the domestic income tax rate of 20% (2007: 20%)	(124)	(128)
Disallowables	(782)	(392)
Deductions	1,048	563
Other	73	(82)
Tax calculated	215	(39)

10. Information on net profit/(loss) from continued and discontinued operations:

The Bank has TRY 602 Thousand profit in December 2007 and TRY 836 Thousand profit in December 2008.

11. The explanations on net income/loss for the period:

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period: None.

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.

c) Profit or loss attributable to minority shares: None.

d) If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	Current Period	Prior Period
Other fees and commissions received		
Credit cards commissions and fees	37	141
Import letters of credit commissions	-	819
Transfer commissions	386	-
Other	3,681	1,166
Total	4,104	2,126

e) Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods: None.

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Notes to the Financial Statements

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V. Explanations Related to Statement of Shareholders' Equity Movement

a) Increase resulting from revaluation of financial assets available for sale: None.

b) Increase in cash flow risk hedging items: None.

b.1) Reconciliation of beginning and ending balances: None.

b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity: None.

c) The reconciliation related with foreign currency translation reserves at the beginning and end of the period: None.

d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.

e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not yet been conducted as of the date of the accompanying financial statements are authorized for issue.

f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue.

g) Amounts transferred to legal reserves: None.

h) Information on shares issued:

The Bank does not have any issued debt securities. As of the date of this report, there is no subsequent dividend announcement of the Bank after the balance sheet date.

Based on the Board of Directors resolution no 466/B dated December 14, 2007, the Bank decided to increase the paid-in capital of the Bank from TRY 70,000 Thousand by TRY 100,000 Thousand to TRY 170,000 Thousand. Based on a decision at the meeting of the Extraordinary General Assembly on February 12, 2008 the paid in capital of the Bank was increased from TRY 70,000 Thousand to TRY 170,000 thousand.

VI. Explanations Related To Statement Of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Other items" amounting to TRY 39,640 Thousand in "Operating profit before changes in operating assets and liabilities" consist of fees and commissions paid and other expenses except for personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation expenses and taxes paid.

"Net increase/decrease in other liabilities" amounting to TRY 3,804 Thousand in "Changes in operating assets and liabilities" consists of changes in sundry creditors, other liabilities, and interbank money market borrowings. "Net increase/decrease in other assets" amounting to TRY 7,942 Thousand consists of changes in sundry debtors and other assets.

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2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	Current Period	Prior Period
Cash		
Cash in TRY/Foreign Currency	5,358	3,713
Central Bank	10,794	14,579
Other	-	-
Cash equivalents		
Banks	20,124	-
Money market placements	-	-
Total cash and cash equivalents	36,276	18,292
End of the period	Current Period	Prior Period
Cash		
Cash in TRY/Foreign Currency	11,024	5,358
Central Bank	19,771	10,794
Other	-	-
Cash equivalents		
Banks	95,334	20,124
Money market placements	123,300	-
Total cash and cash equivalents	249,429	36,276

VII. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Risk Group of The Bank(*)	Subsidiaries, associates and entities under common control		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	649	12,102	-	-
Balance at end of period	-	-	8	20,467	-	81
Interest and commission income	-	-	-	31	-	-

(*) As of December 31, 2008 since MNG Group companies are not qualified shareholders, they are not included.

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains foreign bank accounts amounting to TRY 8 Thousand.

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b) Prior Period:

Risk Group of The Bank(*)	Subsidiaries, associates and entities under common control		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	3,634	1,216	273	7,704	-	-
Balance at end of period	-	-	649	12,102	-	-
Interest and commission income received	-	-	694	213	-	-

c.1) Information on related party deposits balances:

Risk Group of The Bank(*)	Subsidiaries, associates and entities under common control		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	-	-	24,652	8,412	-	-
Balance at end of period	-	-	51,587	24,652	150	-
Interest on deposits	-	-	3,145	1,257	10	-

(*) As of December 31, 2008 since MNG Group companies are not qualified shareholders, they are not included.

In addition, Bank has "Funds Borrowed" at an amount of TRY 5,924 Thousand used from direct and indirect shareholders of the bank and TRY 547 Thousand interest expense from funds borrowed in 2008.

c.2) Information on forward and option agreements and other similar agreements made with related parties: None.

2. Disclosures for related parties:

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	-	-
Banks and other receivables	8	0.01
Non-cash loans	20,548	3.01
Deposits	51,736	8.95
Other financial institutions	5,924	2.91

These transactions are priced in accordance with the general pricing policies of the Bank and are in line with market rates.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in b).

d) Transactions accounted under the equity method: None.

e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 1.61%. Details of these loans are explained in 1a clause.

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VIII. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches

1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches:

	Number	Employees			
Domestic branches	25	457			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

2. Explanations on Branch and Agency Openings or Closings of the Bank:

The Bank opened 10 new branches in 2008.

SECTION SIX
OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank:

There is no significant explanation or disclosure about the operations of the Bank other than stated above.

SECTION SEVEN
INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report:

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu).

The independent auditor's report is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

In information on financial structure section, foreign currency position given in note 4 is prepared considering exchange rates at the balance sheet date given in note 4. As acknowledged, there has been significant fluctuations in the markets and the foreign exchange rates in the subsequent period.

