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T-BANK

ANNUAL REPORT
2009

Financial Highlights and Key Ratios

Financial Highlights (TL thousands / US\$ thousands)					
	December 31, 2009		December 31, 2008		Change
	TL	US\$	TL	US\$	%
Total Assets	1,144,511	765,406	1,020,632	665,123	12
Loan Portfolio (Net)	722,218	482,992	594,796	387,616	21
Loan Portfolio (Gross)	750,012	501,580	606,846	395,468	24
Securities Portfolio (Net)	178,729	119,527	101,862	66,381	75
Banks / Money Market Placements	144,759	96,809	218,687	142,514	(34)
Total Deposits	841,950	563,064	577,887	376,596	46
Borrowings	48,878	32,688	203,737	132,771	(76)
Shareholders' Equity	215,284	143,974	207,302	135,094	4
Guarantees and Collaterals	709,505	474,490	651,951	424,862	9
	December 31, 2009		December 31, 2008		Change
	TL	US\$	TL	US\$	%
Net Interest Income	64,537	43,160	51,508	33,567	25
Net Commission Income	12,729	8,513	9,544	6,220	33
Profit before Taxes	3,074	2,056	621	405	395
Net Profit	2,354	1,574	836	545	182
Key Ratios					
	2009 (%)		2008 (%)		
Capital Adequacy Ratio	19.32		21.87		
Loans / Deposits	85.78		102.93		
Loans / Total Assets	63.10		58.28		
Liquid Assets / Total Assets*	26.65		29.64		
Non-performing Loans (Net) / Total Loans (Net)	0.83		0.58		
Non-performing Loans / Total Loans	4.50		2.55		
Non-performing Loans / Total Assets	0.52		0.34		
Specific Loan Provisions / NPL	82.28		77.79		

* Includes securities portfolio.

T-Bank's performance reflects the mutual confidence and loyalty between the Bank and its customers in the midst of a severe economic downturn.

Loans / Total Assets (%)

2008		58.28
2009		63.10

Capital Adequacy Ratio (%)

2008		21.87
2009		19.32

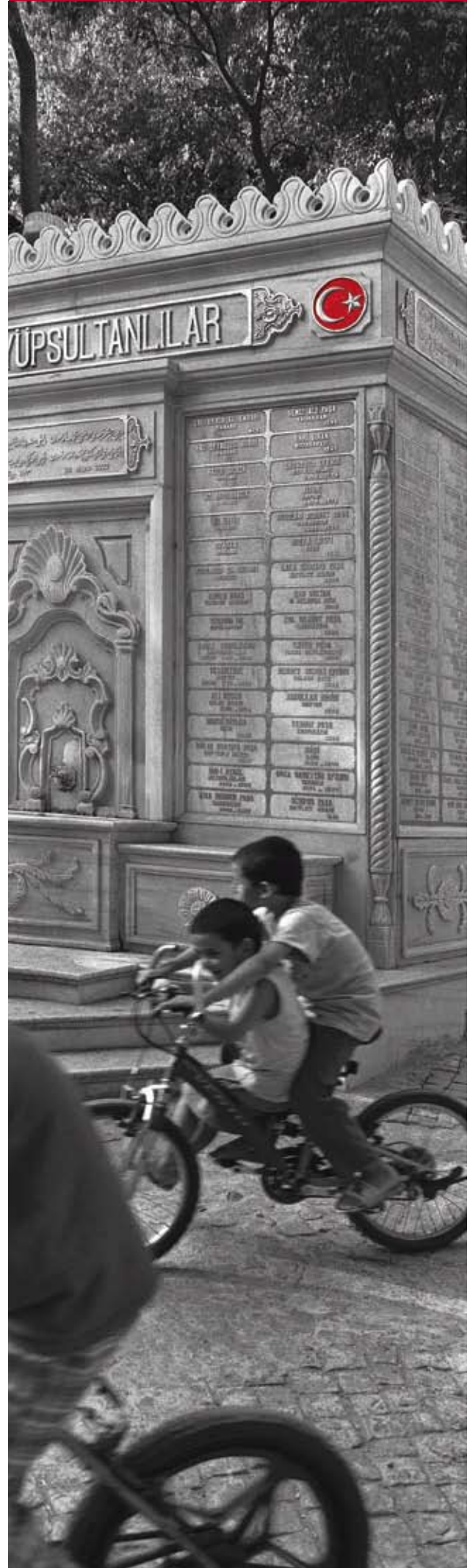
Liquid Assets / Total Assets (*) (%)

2008		29.64
2009		26.65

* Includes securities portfolio.

Loans/Deposits (%)

2008		102.93
2009		85.78



Brief History

Established in 1985 as Istanbul Branch of Bank of Bahrain and Kuwait, the Bank was converted to an independent entity in 1991 as “Bank of 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 and its 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 (BRSA) 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. Currently, Mehmet Nazif Günel holds 9% of the shares.

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 given their solid track record and long expertise in the areas of retail and corporate banking since the 1930’s. The synergy created with shareholder banks is a valuable asset for T-Bank and its clients.

Today, T-Bank continues to expand its operations, especially with the addition of SME banking to its business portfolio, while maintaining focus on its traditional strengths in corporate and commercial banking.

Amendments to the Articles of Association

There are no amendments to the Articles of Association.

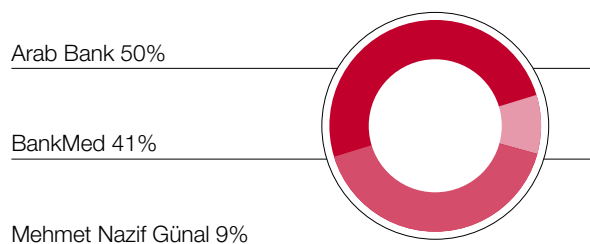
The synergy created with shareholder banks, Arab Bank and BankMed, is surely an asset for T-Bank and its clients.



In the past two years, the Bank's equity was strengthened by increasing the paid in capital from TL 35 million to TL 170 million.

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	TL 170,000,000

Arab Bank

Arab Bank was established in 1930 with a unique purpose that transcends that of banking and strives to enable the Arab World to grow and prosper both economically and socially. The role Arab Bank played in the advancement of Arab economies has also been a motivating force behind its financing of strategic infrastructure projects across the Middle East and North Africa (MENA).

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 Beirut. Arab Bank's presence in key international financial centers including London, Zurich, Frankfurt, New York, Singapore and Sydney brings its global network of branches to over 500 locations in 30 countries spanning the five continents.

Arab Bank is uniquely positioned to be the partner of choice for MENA financial services expertise. The Bank is a diversified financial institution providing 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.

Moody's assigned the Arab Bank a financial strength rating of A2 and a long-term foreign currency rating of A3, together with a stable outlook. The international classification institutions, Fitch and Standard & Poor's, gave its long-term foreign currency a rating of "A-" with a stable outlook.

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 has an estimated market share of around 10%. 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 a subsidiary in Switzerland engaged in traditional private banking activities, SaudiMed in the Kingdom of Saudi Arabia which is 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 end of December 2009, BankMed's total assets stood at US\$ 10.8 billion while deposits reached approximately US\$ 8.2 billion, total loans over US\$ 3.1 billion and a total capital base US\$ 1.1 billion.* The Bank has a total client base exceeding 100,000 customers and a total staff of 1,587 persons.

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 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 shares in T-Bank as of December 31, 2009.

*Unaudited.



Chairman's Message

As the global economy continues to emerge from an unprecedented financial and economic crisis, emerging markets continue leading the path to a global recovery. With an expected growth rate of 6% in 2010 up from 2.1% in 2009, emerging markets compare favorably to the advanced economies which are expected to grow at a rate of 2.1% in 2010 after a decline of 3.2% in 2009.

The emerging markets' growth rates are led particularly by two regions, developing Asia and the Middle East, which are expected to grow 8.4% and 4.5% respectively in 2010. Capable of capitalizing on this relative shift of power towards Asia and the Middle East while maintaining strong economic ties with Europe, Turkey emerges as a dynamic market equipped with a network of developed infrastructure and a skilled competitive work force.

Following the contraction of 2009, the Turkish economy is expected to be the fastest growing in Europe in 2010, at an annual rate of 3.8%. The recent recovery in global risk perceptions has favourably affected Turkey's risk premium, interest rates and exchange rate volatility.

Countercyclical measures were taken to alleviate the effects of global turmoil, which along with reduced tax collections, led to deterioration in budget balances increasing the budget deficit to 6.5% of GDP. Despite that, the government was able to easily access foreign markets, issuing a total of US\$ 5.8 billion in heavily oversubscribed bonds at spreads narrowing to 220 basis points in January 2010 from 500 basis points in January 2009.

Inflation was contained in 2009 at 6.3%, and the Turkish lira remained generally stable. In 2010, commitment to fiscal discipline and the structural reform agenda will be critical to supporting the effectiveness of monetary policy decisions and for keeping long-term policy rates within single digits.

Owing to relatively low levels of household indebtedness, the Turkish financial sector, backed by a strong banking system, proved to be quite resilient in 2009 and contributed to restoring investor and consumer confidence in the country's dynamic economy. In the face of the financial crisis, the banking sector managed to maintain its stronghold without any government bailouts, bankruptcies and capital injections. This is due to a well-maintained policy of monetary discipline that has been in place post the 2001 crisis. This is a testament to the solid performance and resilience of the Turkish economy and banking sector in the midst of the economic downturn.

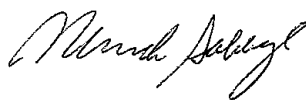
Modest improvement in risk perceptions, Central Bank rate cuts, coupled with lower inflation rates have supported the downward trend in market interest rates. Lending rates have recently declined below levels observed in October 2008, when the turmoil in the global financial system peaked.

The banking sector retained a high average capital adequacy ratio of 19.3% in respect to the regulatory required level of 8%. The country's improvement in sovereign risk, coupled with T-Bank's achievements in 2009, were directly reflected in the Bank's credit ratings. The upgrade in the Bank's long-term foreign currency IDR from "BB" to "BBB-" by Fitch Ratings is a clear indication of T-Bank's healthy performance.

Despite the volatile environment of the severe financial and economic crisis in 2009, T-Bank continued pursuing its growth strategy with cautious, yet steadfast steps. Operating revenues increased by around 34% to reach TL 89.7 million, up from TL 66.8 million. The overall balance sheet of the Bank grew by 12% in 2009, while shareholders' equity grew by around 4%. T-Bank's strong capital adequacy ratio of 19.3% in 2009 is a clear indication of its solid standing and healthy performance. The non-performing loan ratio for the banking sector increased as a result of the crisis and reached 5.3% in 2009, whereas T-Bank's NPL ratio hovered at 4.5%. In line with the Bank's conservative approach, NPL coverage ratio was increased to reach 100% of the NPL portfolio (after collaterals) with loan provisions amounting to TL 5.7 million, in addition we have constituted a general provision of TL 5.5 million. The Bank's efficient credit monitoring system and stringent risk management policies were highly instrumental in maintaining the desired asset quality level.

I believe by completing our organizational restructuring and pursuing healthy banking practices, as well as adhering to our values, we are well-positioned to capitalize on the expected growth of the Turkish economy.

I would like to thank our business partners for their continuous cooperation, T-Bank employees and management for their diligent work and the progress made in delivering our growth strategy, and finally our shareholders and members of the Board for their trust and support.



Nemeh Sabbagh
Chairman

In the volatile environment of the severe financial and economic crisis in 2009, T-Bank advanced with cautious, yet steadfast steps.



Nemeh Sabbagh
Chairman

CEO's Message

2009 presented an extraordinary set of challenges for international financial institutions due to the economic downturn affecting most countries. In such a volatile environment, T-Bank's sound banking practices, strong capital structure and prudent risk management approach gave the Bank further confidence to accomplish its strategic growth plan successfully.

T-Bank pursued its goals by ardently focusing on SME banking services in high potential regions of the country with intense economic activity, while maintaining its commercial and corporate banking services. The Bank continued to support its customers in spite of the adverse market conditions, proving that T-Bank is a consistent, reliable "solution partner". Contraction in the economy adversely affected both financial institutions and companies of all sizes as business prospects and funding sources were tightened for both corporate firms and their SME partners.

However, despite these conditions T-Bank managed to record annual growth of around 20% in total loans to customers. The Bank's SME banking activities which constituted 30% of customer lending portfolio, reported a higher growth compared to the previous year when the Bank was more risk averse during the financial crisis. We believe that with the proper support, investment and strategic guidance, today's SMEs could become the commercial and corporate players of tomorrow.

2009 was a step forward for T-Bank and we are pleased to announce TL 89.7 million operating revenues, up from TL 66.8 million in 2008 resulting from higher spreads. Net profit reached TL 2.4 million with a significant increase compared to the previous year, and would have been much higher had it not been to the prudent approach of the Bank's increase of the NPL coverage ratio to 100%, including collaterals. The Bank's assets reached TL 1.14 billion while the loan and securities portfolio represent 63% and 16% of total assets, respectively, by year end 2009. The Bank maintains its strategy to keep the ratio of securities to total assets at prudent levels and to concentrate more concertedly on customer loans.

T-Bank's performance is a reflection of the mutual confidence and loyalty between the Bank and its customers in the midst of a severe economic downturn. Deposits reached TL 841.9 million with a 46% increase in 2009. The loan portfolio grew steadily throughout the year, expanding by TL 38.5 million in the first half of the year and it increased by 3% and 13% in the third and fourth quarters, respectively, reaching to a total volume of TL 750 million by year end.

The overall increase in non-performing loans is due to the negative impact of the crisis affecting Turkish banks. The ratio of NPLs reached 5.30% in the banking sector in 2009. T-Bank's ratio of non-performing loans to total loan portfolio is 4.5%, while the Bank's reserve ratio for NPLs reached a sound level of 82.28% and 100% including collaterals.

Shareholders' equity reached TL 215 million, with an increase from last year, whereas the ratio of liquid assets to total assets stood at 26.7%. T-Bank enjoys one of the highest capital adequacy ratios compared to its peers with 19.3%, which is well above the banking sector requirement of 8%. T-Bank's high capital adequacy ratio is a clear indication of its strong foundation for sustainable growth.

The Bank's growth was significantly helped by its shareholders' long-standing presence in Middle Eastern and North African markets. Their experience and expertise proved to be indispensable for the Bank's foreign trade financing activities in the region.

In 2009, T-Bank maintained its network of 25 branches and the number of employees stood at 464. The Bank recognizes the importance of the professional development, motivation and training of its employees, who are its most valuable resource.

In 2010, T-Bank will continue to provide its business partners and customers with timely solutions through its customer-oriented banking approach and T-Bank looks forward to sharing its success with its customers, employees and shareholders.



Dinçer Alpman
CEO

T-Bank's sound banking practices, strong capital structure, and prudent risk management approach, gave the Bank further confidence to accomplish its three-year strategic plan successfully.



Dinçer Alpman
CEO

The Bank specializes in providing premium banking services to the commercial business sector as well as to small and medium-sized enterprises (SMEs) - it is one of the fastest growing niche banks in this sector.

T-Bank as a Niche Bank

T-Bank has an established presence in the Turkish banking sector, through a team of 464 dedicated employees stationed in 25 branches located throughout all the major industrial and financial centers in the country.

The Bank specializes in providing premium banking services to the commercial business sector as well as to small and medium-sized enterprises (SMEs). While T-Bank is one of the fastest growing niche banks in this sector, it offers a comprehensive range of services to suit all its clients' banking needs including treasury and cash management, investment services 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.

Review of Operations in 2009

A cohesive organization

The advantage T-Bank derives from operating as a niche bank is its ability to respond to changing client needs in an effective and timely manner. As a mid-scale bank, its decision making processes focus on fostering close relationships with the client while supporting their mid-to-long-term growth.

By 2009, 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.

Sectoral Breakdown of the Loan Portfolio as of December 31, 2009 (TL thousands)

Sector	Cash		Non-Cash	
	Loans	%	Loans	%
Agriculture	8,714	1.22	9,196	1.23
Farming	7,452	1.04	8,648	1.16
Forestry	1,262	0.18	538	0.07
Fishing	0	0.00	10	0.00
Industry	373,406	52.13	260,429	34.88
Mining and Quarrying	54,028	7.54	75,613	10.13
Manufacturing	318,959	44.53	184,594	24.73
Power, Gas, Water	419	0.06	222	0.03
Construction	70,026	9.78	241,117	32.30
Services	247,482	34.55	210,547	28.20
Wholesale and Retail Trade	95,247	13.30	78,403	10.50
Hospitality	69,143	9.65	1,781	0.24
Transportation and Communication	54,091	7.55	48,174	6.45
Financial Institutions	5,421	0.76	53,908	7.22
Real-Estate and Leasing Services	16,128	2.25	368	0.05
Self-employed	4,914	0.69	17,723	2.37
Education Services	70	0.01	20	0.00
Healthcare and Social Services	2,468	0.34	10,170	1.36
Other	16,606	2.32	25,299	3.39
TOTAL	716,234	100.00	746,588	100.00

* NPL's are not included.

Well-spread branch network

Currently, T-Bank's branch network has reached 25 branches, each of which is situated in a convenient location within the country. Considering the possible negative impacts of the recent financial crisis on the Turkish banking environment, the Bank decided to postpone the new branch openings planned for 2009 to the first half of 2010. The location of each new branch will be 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 manufacturing, tourism, construction, energy and logistics sectors.

A sound and profitable loan portfolio

T-Bank's broad and diversified clientele is composed of a mix of creditworthy and profitable players in the market. We believe that increasing the number of customers, as well as maintaining a sound and profitable portfolio, is an essential component in T-Bank's success within the Turkish banking sector. Accordingly, the Bank has diversified its loans across a variety of sectors and amongst a large customer base.

Cash management services

T-Bank maintains a client base large enough to ensure the profitability of its cash management services. An effective cash management service is an important tool to support the growth of corporate banking activities and provides an additional source of income through commercial deposits.



The Bank's branches are located in cities or in business areas that have vibrant economic activity and a high potential for investment, production, as well as domestic and foreign trade.

Corporate & Commercial Banking

Corporate and Commercial Banking serves clients with an annual turnover above US\$ 7.5 million including public participation firms and financial enterprises.

T-Bank fully recognizes and responds to its corporate and commercial customers' needs by utilizing its solid expertise along with its shareholders' experience in the field of corporate banking. It provides international finance services, particularly in the MENA region via its international correspondent network and domestic branch services provided by specialized and dedicated staff.

T-Bank's Corporate and Commercial Banking services expanded rapidly while maintaining a special focus on services and relationships. During this growth period, the Corporate and Commercial Division appointed professionals in its fields and undertook the task of upgrading its banking system. The new system provides better risk monitoring and enables controls by analyzing and segmenting commercial and corporate customers.

The Bank's branches are located in cities or in business areas that have vibrant economic activity and a high potential for investment, production, as well as domestic and foreign trade. T-Bank will be following this roadmap for its prospective branch openings, as it fulfills its strategy to enlarge the branch network in the period ahead.

T-Bank is one of the most important market players for trade activities between the MENA region and Turkey via its strong shareholder's presence in the region, which is one of the Bank's major advantages in its Corporate and Commercial Banking strategy. Prompt decision making capacity and ability to take immediate action are other key advantages that provide T-Bank's Corporate and Commercial Banking services with a competitive edge.

SME Banking

T-Bank defines SMEs as firms with an annual turnover of between US\$ 1 million and US\$ 7.5 million, whether they are private/incorporated enterprises or sole proprietorships. Clients within this segment are offered "boutique" banking services and various products tailored to their specific needs. The Bank's pricing policy is flexible and depends on product/project 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 service for reasonable costs, 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 expand 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 aims to reach new SME customers in these locations and thus meet new opportunities based on client segmentation, market and sector information and credit/risk analysis. With their professional experience and customer-centric approach, the expert SME Banking team is considered one of T-Bank's major assets.

T-Bank has a close relationship with each individual SME client, and it develops tailor-made solutions to fit their growth strategies. By staying up to date with client needs, T-Bank portfolio managers are able to offer relevant and effective solutions to suit the changing requirements of the SME market. The portfolio managers also provide customers with detailed and valuable feedback about anticipated threats and opportunities by delivering banking facilities together with their expertise in order to meet 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 the utmost importance in the credit decision process.

Currently, T-Bank has 25 branches in Turkey's most industrialized and fastest growing locations. In keeping with its three-year strategy, initiated in 2007, the Bank plans to open additional branches in the first half of 2010 to grow its SME business by expanding its branch network into areas with high growth potential. To this end, the SME Banking Department signed new agreements with the Chambers of Industry in various regions and cities in Turkey and has also created the workflow for the Credit Guarantee Fund Allocation System. In 2009, the arrangements were completed and the credit application and allocation processes began. As these contracts are put into effect, the Bank's SME customer base will be significantly increased.

Credit Allocation - Monitoring Department

Under the Credit Allocation Department 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 T-Bank is now able to respond in a timelier and more effective manner to customer demands in all its 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 risks and take the necessary preventive 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 2009, T-Bank continued using a new Basel II compliant Credit Scoring Model especially designed for SMEs and corporate/commercial businesses, by a consulting company, which is the authorized distributor of a major international firm.

The model allows faster receipt and processing of both the credit application and external information. The score card results in combination with a regular full fledged credit analysis have proved to be decisive in making credit decisions. In 2009 new credit application and decision-making processes, supported by the scorecard application, were implemented.

Credit policy

T-Bank's credit policy is under constant review and modification, in accordance with the following three objectives:

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

The Credit Policy Manual is intended as a guide for the application of sound credit procedures, as well as 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 (RAACs) is to convey T-Bank's growth strategy to the customer relationship teams, so they develop their business inline with the Bank's general expansion plans. RAACs have already been applied to some of 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 is one of the main business units in the Bank, which contributes to its profitability through sales of treasury products and securities portfolio management.

Treasury

Functions

The Treasury Department serves the Bank by managing its liquidity and securities portfolio, monitoring its foreign exchange position and overseeing the Bank's assets and liabilities in terms of maturity and interest rates.

Treasury is one of the main business units in the Bank, which contributes to its profitability through sales of treasury products and securities portfolio management.

The frameworks under which Treasury works are: the market risk limits and counterparty limits approved by the Board.

Market risk limits are established in line with the Bank's conservative approach of trading. Open FX position limit is well below the legal limit approved by Turkey's Banking Regulation and Supervision Agency (BRSA). T-Bank's securities portfolio is limited to 25% of total assets, which is lower than the sectoral average in Turkey.

Financial Institutions

Long-lasting financial relationships

The Financial Institutions Department monitors and expands relationships with correspondent banks and financial institutions to promote foreign business while diversifying the Bank's funding base. T-Bank works with a highly respected and diversified correspondent banking network in a client-oriented manner in order to tailor innovative solutions for its clients' foreign trade needs. T-Bank has been able to secure substantial bank credit limits from international banks and export credit agencies to meet its own financing requirements, as well as those of its customers'.

T-Bank's financial performance, announcements, economic reports, rating agencies updates and presentations are regularly delivered to correspondent banks to keep them up-to-date about the Bank's performance and the Turkish economy in general.

The support provided by Arab Bank PLC and BankMed SAL has helped T-Bank become more active in the MENA region. Through the shareholders' unique expertise in the region, the Bank has differentiated itself from its peer group of banks and created a significant advantage over its competitors by generating increasing business opportunities for its customers active in the region.

In the course of 2009, T-Bank exerted every effort to make additional contributions to its customers' projects by providing non-cash business opportunities; including letters of credit and letters of guarantee, as well as cash facilities through working capital loans.

In August 2009, the Bank repaid the US\$ 120 million one-year club loan of the previous year at maturity, which was not renewed owing to the high liquidity level of the Bank. T-Bank continued to secure bilateral loans from correspondent banks when needed. This approach will be maintained in 2010 as well.

Favorable credit ratings

In December 2009, Fitch Ratings upgraded Turkey's long-term foreign currency IDR to "BB+" from "BB-", and the long-term local currency IDR to "BB+" from "BB". The upgrade in the country ratings had a positive impact on the Bank's individual ratings. T-Bank's long-term foreign currency IDR was upgraded from "BB" to "BBB-", the short-term foreign currency IDR to "F3" from "B" and the National Support Rating was changed from "3" to "2". The current outlook of T-Bank's rating by Fitch Ratings changed as follows:

Foreign Currency

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

Local Currency

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

National

Long-term/Outlook/Individual/Support
AAA (tur)/Stable/D/2

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 departments.

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 at the Head Office. The system has a multi-layer structure for security reasons, and, in practice, it provides a safe infrastructure owing to the security-related features that were recently installed.

The core banking software has been developed by an independent information technology company specialized in banking software. 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 implementation of the active directory is a noteworthy milestone in effective user security achieved in 2009. 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.

2009 initiatives

In 2009, system enhancements continued on a per-project basis to respond to the demands of each of T-Bank's business units. Within this framework, the second phase of Internet Banking was launched for new products such as utility and tax payments and investments. New utility payments were initiated in an effort to further expand utility payment modules. T-Bank also integrated with the Ministry of Internal Affairs Identity Sharing System, for secure and timely customer identification processes.

T-Bank uses the ORACLE Business Intelligence Suite to obtain automatic reports for all departments. The Regulatory Reporting Module covers a great portion of the Bank's reports, while reducing time spent for report creation, thus easing the burden on the relevant departments. Branch, business line, portfolio and account based profitability and position reports can be created for performance tracking.

In 2009, the Bank initiated the new core-banking system research in consultation with an international firm. The Bank is in the final stage to select the most suitable vendor to buy in contractual negotiations. The implementation of the project is planned to start in 2010.



T-Bank, benefiting from the long-standing banking experience of Arab Bank and BankMed that goes back to 1930's, provides high quality banking service to business sector and SMEs with its 25 branches throughout Turkey. As a boutique bank in this specific field, T-Bank maintains its growth with wide range of product that covers all the needs of its customers.

SECTION II MANAGEMENT AND CORPORATE GOVERNANCE

Board of Directors

Nemeh Sabbagh

Chairman

Nemeh Sabbagh is a graduate of International Economics at 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 the CEO of the Arab National Bank for seven and a half years.

Amin Rasheed Sa'id Hussein

Vice Chairman

Amin Hussein is a graduate of Physics at 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 of Financial Institutions and Transactional Services. He was recently appointed as the Country Manager of Bahrain at 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 the 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 T-Bank, 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 at Acadia University, 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 the Head of the Internal Audit Group. In 2008, he was appointed as Arab Bank Plc's Chief Financial Officer (CFO).

Nadya Nabil Tawfik Talhouni**Board Member**

Nadya Nabil Talhouni is a graduate of Economics holding a minor in Political Science from Bryn Mawr College in the USA. She has worked for Citibank NA as Financial Institutions Securities Business Manager before joining Arab Bank in July 2002. She serves as Senior Vice President and the Global Head of Cash Management and Trade Finance in Arab Bank.

M. Behçet Perim**Board Member**

Behçet Perim is a graduate of Electrical and Electronic Engineering and also holds 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 is a graduate of Mechanical Engineering at the American University of Beirut, Lebanon. He also holds a Master of Science in Industrial Management from Columbia University. He has worked with Irving Trust Company and the Bank of New York in the USA, and more recently served as Vice President and Senior Representative at the Bank of New York, Beirut, Lebanon, before joining BankMed in December 2005 as Advisor to the Executive Office.

Dinçer Alpman**Board Member and CEO**

Dinçer Alpman is a graduate of Management Engineering at Istanbul Technical University. 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, He 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 is a graduate of Business Administration Department at Boğaziçi University and also holds an 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. She 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 is a graduate of Mining Engineering at Middle East Technical University. He started his banking career in 1994 at the Banking School of Ziraat Bankası. He 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 is a graduate of Public Administration at 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 is a graduate of Economics 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 is a graduate of Mechanical Engineering at 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.

Hakkı Yıldırım

Executive Vice President - Human Resources, Training and Corporate Communications
Hakkı Yıldırım is a graduate of Industrial Engineering at Middle East Technical University. He earned his MBA and PhD in Management and Organization from Yeditepe University. He started his banking career in 1993 at Türkiye İş Bankası. Afterwards, he worked at İktisat Bankası, Alternatifbank and Denizbank. His last position at Denizbank was Alternative Distribution Channels Senior Vice President.

Statutory Auditors

Osman Baydoğan

Statutory Auditor
Osman Baydoğan is a graduate of Business Administration at Ege University. He worked in the departments of Financial and Administrative Affairs of various leading construction companies between 1978 and 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 is a graduate of Business Administration at 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 Telecom in 2007. He currently serves as Financial Controller at Oger Telekomunikasyon A.Ş. and Oger Telecom Yönetim Hizmetleri Ltd. Şti., which is a subsidiary of Oger Telecom in Turkey.

Credit Committee and Other Committees

Credit Committee

Henri Jacquand, Board Member
M. Selçuk Tamer, Board Member
Dinçer Alpman, CEO and Board Member

Executive Committee

Dinçer 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, Executive Vice President

Assets and Liabilities Committee

M. Behçet Perim, Audit Committee Board Member in Charge of Risk Management Group, Internal Audit and Internal Control Center
Dinçer 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. Öztaş, Risk Management Group Head

Audit Committee

Ghassan Hanna Suleiman Tarazi, Board Member
 Mohamed Ali Beyhum, Board Member
 M. Behçet Perim, Board Member

Corporate Governance 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. Öztaş, 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 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 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

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

Behçet Perim is a graduate of Electrical and Electronics Engineering and also holds 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 Öztaş

Group Head, Risk Management Group

Gülgün Figen Öztaş is a graduate of Business Administration at Marmara University, Faculty of Economics. She also holds a Master of Science in Financial Economics Quantitative Finance from Bilgi University. She began working in the banking sector at Türkiye İş Bankası in 1994 as Financial Analyst. Starting from 1995, she served as a Senior Analyst at TSKB and joined the Risk Management Group of T-Bank in 2005. Öztaş is a Certified Financial Risk Manager.

Şehsuvar Erol

Department Head, Internal Control Center

Şehsuvar Erol is a graduate of Economics at 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 Head, Internal Audit

Yakup Akın is a graduate of Business Administration at Ankara University. He started his career as an Assistant Auditor at Kentbank in 1998 and went on to work at Bayındırbank and Tekstilbank. He serves in the Internal Audit Department of T-Bank since 2004. Akın is a Certified Internal Auditor, Certified Information Systems Auditor and Certified Financial Services Auditor.

Attendance to 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

The year 2009 was another successful year for T-Bank despite the adverse impact of the worldwide financial crisis; the Bank remained committed to achieving its strategic plans with a priority on enhancing its asset quality and a focus on striking a balance between growth and risk taking.

Like many economies, Turkey was also affected by the global financial crisis. Consequently, during 2009 the Government introduced stimulus measures to reduce this impact which resulted in a positive effect on the economy. Moreover, the Banking Regulation and Supervision Agency (BRSA) adopted strict measures aimed at preserving the financial strength of banks and containing the effects of abrupt changes in the financial asset prices on banks' capital adequacies. As a result, Turkish banks continued to have very limited exposure to toxic assets and high levels of capitalization.

During the year T-Bank maintained a capital adequacy ratio of around 19.3%, well above the Central Bank and Basel II requirements of 8%. The Bank's high capital adequacy ratio is a clear indication of its strong foundation for sustainable growth. In November 2009, Fitch Ratings upgraded the Bank's rating to "BBB-" from "BB" despite the negative conditions in the global financial markets. This was achieved as a result of our cautious policies, as well as a strong capital structure.


In 2009, total assets increased by around 12% to reach TL 1.14 billion, up from TL 1.02 billion. Customers' deposits increased by around 46% to reach TL 842 million, while the Bank's loan portfolio recorded a steady growth of around 24% to reach TL

750 million. Shareholders' equity increased by 3.85% to reach TL 215.2 million. Operating revenues increased by around 34% to reach TL 89.7 million, up from TL 66.8 million. Net profit witnessed an increase to reach TL 2.4 million up from TL 836 thousands and would have been much higher had it not been to the prudent approach of the Bank's increase of the NPL coverage ratio to 100% (including collaterals).

Asset quality remains at the center of our attention as we remain selective in building our asset books with a focus on achieving a balance between growth and risk taking. Consequently, the Bank was able to maintain adequate asset quality and a strong balance sheet. The Bank continued focusing on SME Banking sector targeting potential customers and developing new relationships, while strengthening its Commercial and Corporate Banking services. This has resulted in an increased market penetration and our activities being spread over a much wider customer base while avoiding concentration in certain sectors of the economy.

During the year T-Bank fully paid back a US\$ 120 million syndication loan that was subscribed in 2009 by 22 banks representing 12 countries around the world. The Bank did not renew the syndication facility as it enjoyed high level of liquidity.

T-Bank is grateful for the ongoing support and loyalty of our shareholders and customers; and for the dedication of our management and employees whose commitments and contributions will ensure our achievements and continuous growth for the upcoming years.



Nemeh Sabbagh
Chairman



Dinçer Alpman
CEO

Human Resources

The Human Resources Department at T-Bank plays an active role in its capacity as a “strategic business partner” to management. In accordance with the Bank’s goals, the Human Resources Department executes success-focused, modern policies and programs. T-Bank believes that sustainable success is made possible by creating a working environment where human capital is valued and team spirit is fostered.

Recruitment, performance evaluation and career planning

The aim of T-Bank’s recruitment activities is to place qualified, deserving candidates in positions that match their skills and qualifications.

Hiring is done according to the requirements of the position, thus, experienced employees are recruited to assist with the training of recent graduates. T-Bank selects employees after an extensive screening process, designed around the specific criteria for each position. It is the Bank’s priority to utilize its internal resources for vacant positions.

With a view to having an integrated administration system in place for business practices, the Human Resources Department finalized transferring personnel-related information, recruitment and performance management systems to an electronic format within the Bank’s internal career portal. 2009 was a year for the efficient implementation of the new system. Within this structure, the Human Resources Department will have the capacity to administer all personnel information, conduct performance management evaluations 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’ performance is measured, the business lines’ employees are rated according to their ability to attain set quantitative targets. The Performance Management System that assesses personnel performance will begin in 2010.

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

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

T-Bank recognizes the importance of training its employees, who are the most valuable assets in its sustainable growth. T-Bank’s annual training programs are prepared in accordance with the targets of the Bank and employee needs based on the annual training meetings.

T-Bank arranges basic training programs for banking available for new recruits without any prior banking experience. In addition, the technical and personal development programs aim to support employees during every step of their career. Customized management programs are also available for executive staff.

Employees are encouraged to attend training programs, conferences and summits outside the Bank that are related to their fields of expertise, along with the programs provided in-house.

The Internal Trainer Development Project aims to enrich the Bank’s in-house training capacity by training its own senior and qualified employees in order to equip them with training skills, so that they can share experience and know-how through structured programs in various banking topics with junior T-Bank employees. T-Bank aims to increase the effectiveness of the training programs by supplementing them with experimental learning programs.

Looking towards the future

The most significant strength behind T-Bank’s success is its human resource. The Bank reached 25 branches and 464 employees in 2009. As a strategic 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	2009	2008	2007	2006	2005
Head Office Employees	199	190	189	120	123
Branch Employees	265	267	201	146	151
Total Employees	464	457	390	266	274
Number of Branches	25	25	16	10	10

Demographic Information	2009	2008	2007	2006	2005
Male (%)	51	51	49	49	49
Female (%)	49	49	51	51	51
Average Age of Employees	35	34	34	33	33

Education Level of Staff (%)	2009	2008	2007	2006	2005
Post-graduate Degree	7	7	7	5	7
Undergraduate Degree	64	63	63	62	62
High School Graduate	26	28	27	31	30
Primary School Graduate	3	2	3	2	1

In 2009, the Bank's intranet portal, BİRLİK-T, meaning unity, was launched to increase effective communication within the organization.

Internal Communication and T-Club

It was in T-Bank's best interests to prioritize internal communications and goals in 2009 since the global financial crisis brought about a strained environment for both employees and executives. New platforms created for effective communication and social activities proved to be fruitful in regard to strengthening the bond between the Bank and employees, serving to increase employee motivation.

Internal Communication

In 2009, the Bank's intranet portal, BİRLİK-T, meaning unity, was launched to increase effective communication within the organization. Employees from all locations can access the procedures, leaflets, announcements and internal documents published by concerned departments on line via BİRLİK-T.

BİRLİK-T provides a friendly platform to share cultural events, birthdays, newborn and marriage announcements among the employees, as well as a quick access to circulated documents such as the Bank's daily and weekly news.

Motivational e-mails with personal development and professional life content, as well as entertaining e-mails, are sent to T-Bank employees at the beginning and end of the week.

T-Club

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 excursions, bowling and board game tournaments, trekking tours and discounted tickets for concerts, plays and special events are only a few of the activities sponsored by T-Club in 2009. Cinema days are organized twice a month for Club members.

A photography competition was held for T-Bank employees in specific categories, and all photos were exhibited at the Head Office. For T-Bank children, an art competition with the theme of happiness was organized. The winning pieces are published in T-Bank's 2010 calendar.

T-Club continuously supports aid campaigns and donates to charities such as LÖSEV by sponsoring development seminars with famous guests. Employees actively participated in the aid campaign coordinated by T-Club for people with special needs.

On important occasions, the Bank sends congratulatory messages and small gifts to employees.

Related Party Transactions

Group Risk Exposure by Sector (TL thousands)						
	Cash Loans	Risk Share (%)	Non-cash Loans	Risk Share (%)	Total Loans	Risk Share (%)
Financial Institutions	37	0.06	2,748	0.37	2,785	0.18
Communication		-	35,969	4.82	35,969	2.30
Manufacturing		-		-	-	-
Information Technologies		-		-	-	-
Total	37	0.06	38,717	5.19	38,754	2.48

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.

The most important strength behind T-Bank's success is its human resource. The Bank, appreciating its human capital in order to achieve sustainable success, reached TL 2,354,000 of profit with a 182% increase compared to the previous year. Additionally, the Bank achieved total assets of TL 1,145 million with 12% increase.

**SECTION III
FINANCIAL
INFORMATION AND
RISK MANAGEMENT**

Risk Management Policies

The T-Bank Risk Management Group was established in 2001 as an independent unit directly reporting to the Audit Committee member responsible for internal audit, internal control and risk management.

Quantification of credit, market, interest rate, liquidity and operational risk and determination of their limits and control processes are committed by Risk Management. T-Bank views risk management as an integral part of the overall administrative process. Therefore, it is of the utmost importance to create awareness of risk management within all organizational ranks.

The Risk Management Group submits regular daily, weekly, monthly and quarterly reports to the executive management and the Audit Committee, where all risk, concentrations, statutory limits and the Bank's own limits are monitored. These reports include daily value at risk (VaR) analyses and weekly interest rate risk, economic capital calculation with kurtosis adjusted parameters and market risk limits reports. These reports are also presented in the weekly Assets and Liabilities Committee (ALCO). Volatility and closing figures of several market risk instruments are closely monitored and reported daily. Quarterly stress tests and scenario analyses concerning economic capital, capital adequacy, reports and scenarios on liquidity and probability of default of T-Bank credit portfolio compared with peer groups are presented to the Audit Committee. The management can track performance and limits using these detailed reports.

T-Bank's assets and liabilities management policy focuses on ensuring that the Bank has sufficient funds to meet the demand for loans from its customers as well as satisfying the regulatory requirements. Issues related to the composition of assets and liabilities, financial ratios and maturities are discussed and resolved at the weekly ALCO meetings.

The Board limits the economic capital to 50% of the shareholders' equity, and market risk VaR to 2.5% of the shareholders' equity. The securities portfolio is limited to 25% of the Bank's assets. The Audit Committee and the executive management are informed about the breaches of risk limits. In October 2009, new risk limits, prepared by the Risk Management Group and executive management, were approved by the Board of Directors.

The Risk Management Group finalized the preliminary studies required for Basel II capital adequacy calculations. The Group also conducted infrastructure analyses needed for an effective risk management system in coordination with other departments.

Credit Risk

Credit risk management forms the basis of T-Bank's sustainable growth policy. The Board of Directors plays a central role in setting a series of credit policies and closely monitors their implementation. It also provides guidance in setting limits on credit exposure to individual sectors, companies and groups via delegation of loan approval responsibilities.

The Credit Monitoring Department is primarily responsible for monitoring credit risk and identifying early warning signals of default. The capital requirement resulting from the Bank's lending practices is calculated according to Banking Law Banking Regulation and Supervision Agency (BRSA) regulations. In order to upgrade the rating system according to Basel II standards, a ratings committee, responsible for developing a new internal rating system according to Basel II rating criteria, was established in August 2007. Furthermore, a contract has been concluded with a major service provider to develop a new rating system. Regular weekly meetings are held by the newly established committee to develop the model and decide upon the financial and non-financial criteria to be used in the model and the appropriate weighting scheme.

Market Risk

Market risk is defined as value fluctuations in positions resulting from price changes. Market risk is analyzed under two groups: trading risk and asset-liability mismatch risk. The Risk Management Group has been calculating the VaR on a daily basis using a one-day holding period and a 99% confidence level since November 2004. Both parametric and historical VaR methods are employed and parametric VaR results are used to calculate the capital requirement for trading risk. Effectiveness of the VaR approach is tested using the back-testing method and the number of days where the actual losses are larger than the estimated VaR.

Interest Rate Risk

T-Bank maintains a policy of keeping risk exposure within conservative self-imposed limits and at levels consistent with internal policies. The Risk Management Group regularly prepares weekly interest rate GAP and Duration GAP analyses, as well as sensitivity analyses covering the entire balance sheet to adequately monitor interest rate exposure.

Liquidity Risk

T-Bank maintains a high liquidity level as a matter of policy. Liquidity position, as well as monthly liquidity GAP analyses and stress tests are monitored by the Risk Management Group on a regular basis. Stress tests that are based on two different scenarios are generated from variables of credit loss, credit re-payment delays and withdrawal of deposits. The liquid assets on the balance sheet account for 14.47% of total assets excluding the securities portfolio and 26.65% of total assets including the securities portfolio.

Operational Risk

Operational risk is defined as the risk of loss due to inadequate or failed internal processes, human errors and system failures or external events. T-Bank's business units manage this risk through clearly defined policies, procedures and internal controls. At T-Bank, almost all operations are performed by the Central Operations Department at the Head Office level. Operation managers in the branches, who act independently from branch managers and report directly to the Central Operations Department, are responsible for the execution of all operations.

The Risk Management Group calculates operational risk in line with the basic indicator approach included in Basel II directives. In 2008, the Risk Management Group initiated studies on Business Continuity Planning. Under this study, which was carried out in collaboration with a major consulting firm, critical points of operational risk were identified through interviews with all the departments of the Bank. The updated Business Continuity Plan was finalized in the third quarter of 2009, enabling the Bank to design Emergency Action and Crisis Management Plans and teams to protect its employees and assets during an emergency and resume operations in an expedient and controlled fashion. BCP and DRC tests were also performed in the related period.

Those components of operational risk related to the information technology system and data refer to information technology (IT) risk. Enterprises are increasingly dependent on the Internet and IT systems, making the risk within these systems worthy of executive attention and evaluation. In order to identify risk facing the Bank's IT systems and to keep this risk to a minimum, the Risk Management Group began monitoring risk, independent from operational risk. In 2008, two risk management committees were established for this purpose. Convening under the umbrella of the Risk Management Group, the IT Risk Management Sub-Committee calculates the likelihood and impact of IT risk on the Bank. Results of the risk assessment process are reported to the IT Risk Committee, ensuring that actions are taken and monitored. Risk response strategies that may be adopted by the IT Risk Committee include reducing, accepting, transferring risk and investment model. In 2009, the IT Continuity and IT Risk Management Policy were completed and approved by the Board. T-Bank plans to place increased emphasis on the IT-related risk management in 2010.

The Assessments of Audit Committee on Internal Systems

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

- Ensuring that internal auditing, 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 the activities of the auditing organization selected by the Board of Directors.

The 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 the Risk Management Group.

In 2009, T-Bank registered a high growth performance. In parallel with 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 for 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 Head Office Control Unit,
- Adequate resources were made available to the aforementioned units for the purchase of the necessary equipment, software, services etc. to allow them to operate effectively.

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 periodic 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, banking regulations 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 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 the Board Audit Committee 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 2009 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 and assessing audit performances by analytical audit scores have been attained in all audited units. Units with below average audit scores are subject to special scrutiny during the annual audit plan preparation stage.

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, the Head Office Internal Control Unit and the Compliance Unit. Audit Command Language (ACL) is a computer-assisted control program that is used at the Head Office Internal Control Unit for daily control activities. Numerous control points are set by the contribution of the scenarios in ACL.

Issues and major subjects that bear potential risk factors are discussed and reviewed by the Operational Risk Committee, led by the General Manager. All issues are considered with due diligence and kept on the agenda until they are remedied.

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 the risk management system include the Risk Management Group established in 2001 and the Executive Risk Committee formed in 2002.

In 2009, limits for credit risk, market risk, economic capital and VaR, were reviewed, 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, foster behavior that respects and values the role that these departments play, not only in augmenting the Bank's overall performance, but also in protecting the interests of the corporate stakeholders.

T-Bank Statutory Auditors' Report

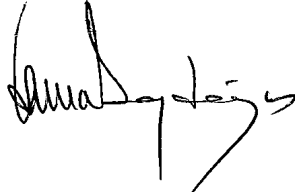
To the Turkland Bank A. Ş. Shareholder General Assembly:

After analyzing the year 2009 transactions and accounts of Turkland 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 2009 Balance Sheet and Income Statement presented by the Board of Directors be approved.



Özgür Çelik
Auditor



Osman Baydoğan
Auditor

Deloitte.

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Serbest Muhasebeci
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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, 2009. 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, 2009 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

Istanbul, March 10, 2010

**TURKLAND BANK
ANONİM ŞİRKETİ**

**INDEPENDENT AUDITOR’S REPORT,
UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES
FOR THE YEAR ENDED
DECEMBER 31, 2009**

**TRANSLATED INTO ENGLISH FROM
THE ORIGINAL TURKISH REPORT**

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

TURKLAND BANK ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR JANUARY 1, 2009- DECEMBER 31, 2009

We have audited the accompanying balance sheet of Turkland Bank A.Ş. as at December 31, 2009, 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 judgment, 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, 2009 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 Bank'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
Istanbul, February 15, 2010

THE YEAR END UNCONSOLIDATED FINANCIAL REPORT OF TURKLANDBANK A.Ş. FOR THE YEAR ENDED DECEMBER 31, 2009

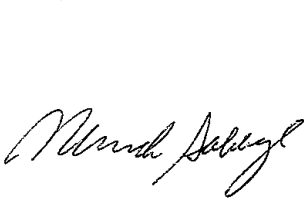
Address : 19 Mayıs Mah. 19 Mayıs Cad. Şişli Plaza A Blok No:7 Şişli- İstanbul
Telephone : (0 212) 368 34 34
Fax : (0 212) 368 35 35
Web Site : <http://www.turklandbank.com>
E-mail Address : t-bank@turklandbank.com

The year end 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 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 15, 2010



Nehme SABBAGH
Chairman of the Board of Directors



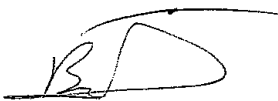
A. Dinçer ALPMAN
General Manager



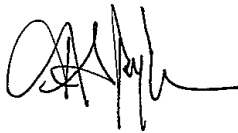
Mehmet ÖZGÜNER
Executive Vice President




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
Fax Number : (0212) 368 35 35

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Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

(Amounts expressed in thousands of 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 Doğu 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, 2009, 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	-

As of December 31, 2009 the nominal value of the Bank's paid-in-capital amounting to TRY 170,000 Thousand consists of 1,700 million shares.

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

(Amounts expressed in thousands of 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	AMİN RASHEED SAİD HUSSEINI	Vice Chairman	Master Degree
	MOHAMED ALI BEYHUM	Member of Audit Committee	Master Degree
	GHASSAN HANNA SULEİMAN TARAZİ	Member of Audit Committee	Master Degree
	MEHMET BEHÇET PERİM	Member of Audit Committee	Master Degree
	MUSTAFA SELÇUK TAMER	Member	Bachelor's Degree
	NADYA NABİL TAWFİK TALHOUNİ	Member	Bachelor's Degree
	RİYAD KEMAL	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
	HAKKI YILDIRMAZ	Management Services	PHD Degree
Statutory Auditors	ÖZGÜR ÇELİK	Auditor	Bachelor's Degree
	OSMAN BAYDOĞAN	Auditor	Bachelor's Degree

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

(**) According to July14, 2009 dated 477/B numbered Board of directors decision, Nadya Nabil Tawfik Talhouni has been appointed as member instead of resigned member Hani İbrahim Sulaiman Fadayel. After resignation of Hani İbrahim Sulaiman Fadayel, Amin Rasheed Said Hussein has been nominated as vice chairman.

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, 2009:

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 464 personnel. Bank has no subsidiaries in the financial sector. (December 31, 2008: 25 branches, 457 personnel)

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

Turklandbank Anonim Şirketi

Balance Sheets as of

December 31, 2009 and 2008

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET - ASSETS (STATEMENT OF FINANCIAL POSITION)

		Audited Current Period 31.12.2009			Audited Prior Period 31.12.2008		
	Note Ref.	TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	17,125	53,444	70,569	22,688	50,615	73,303
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	964	39	1,003	931	8	939
2.1 Financial assets held for trading		964	39	1,003	931	8	939
2.1.1 Public sector debt securities		964	-	964	931	-	931
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		-	39	39	-	8	8
2.1.4 Other marketable securities		-	-	-	-	-	-
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 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	4	67,241	67,245	10	95,326	95,336
IV. MONEY MARKET PLACEMENTS		77,514	-	77,514	123,351	-	123,351
4.1 Interbank money market placements		77,514	-	77,514	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)	138,435	82	138,517	71,159	-	71,159
5.1 Share certificates		75	-	75	75	-	75
5.2 Public sector debt securities		138,360	82	138,442	71,084	-	71,084
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(5)	551,034	171,184	722,218	443,166	151,630	594,796
6.1 Loans and receivables		545,050	171,184	716,234	439,726	151,630	591,356
6.1.1 Loans to Risk Group of the Bank		-	-	-	-	-	-
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		545,050	171,184	716,234	439,726	151,630	591,356
6.2 Non-performing loans		33,778	-	33,778	15,490	-	15,490
6.3 Specific provisions (-)		(27,794)	-	(27,794)	(12,050)	-	(12,050)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	39,209	-	39,209	29,764	-	29,764
8.1 Public sector debt securities		39,209	-	39,209	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 (JOINT VENT.) (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)	13,331	-	13,331	16,722	-	16,722
XV. INTANGIBLE ASSETS (Net)	(13)	1,702	-	1,702	2,554	-	2,554
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		1,702	-	1,702	2,554	-	2,554
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	4,140	-	4,140	1,075	-	1,075
17.1 Current tax asset		1,952	-	1,952	-	-	-
17.2 Deferred tax asset		2,188	-	2,188	1,075	-	1,075
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	8,869	194	9,063	11,431	202	11,633
TOTAL ASSETS		852,327	292,184	1,144,511	722,851	297,781	1,020,632

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

Turklandbank Anonim Şirketi

Balance Sheets as of

December 31, 2009 and 2008

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

I. BALANCE SHEET - LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	Note Ref.	Audited Current Period 31.12.2009			Audited Prior Period 31.12.2008		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	486,850	355,100	841,950	332,458	245,429	577,887
1.1 Deposits from risk group of the Bank		675	57	732	11,925	39,812	51,737
1.2 Other		486,175	355,043	841,218	320,533	205,617	526,150
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	-	-	-	-	-
III. FUNDS BORROWED	(3)	9,930	38,948	48,878	7,877	195,860	203,737
IV. MONEY MARKET BALANCES	(4)	15	-	15	7	-	7
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		15	-	15	7	-	7
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		3,916	373	4,289	2,793	1,131	3,924
VIII. OTHER LIABILITIES	(5)	13,049	422	13,471	12,568	554	13,122
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(6)	-	917	917	-	2,288	2,288
10.1 Finance lease payables		-	947	947	-	2,451	2,451
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(30)	(30)	-	(163)	(163)
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)	16,751	-	16,751	8,446	-	8,446
12.1 General loan loss provisions		6,520	-	6,520	5,309	-	5,309
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		2,354	-	2,354	1,683	-	1,683
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		7,877	-	7,877	1,454	-	1,454
XIII. TAX LIABILITY	(9)	2,956	-	2,956	3,919	-	3,919
13.1 Current tax liability		2,956	-	2,956	3,919	-	3,919
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)	215,284	-	215,284	207,302	-	207,302
16.1 Paid-in capital		170,000	-	170,000	170,000	-	170,000
16.2 Supplementary capital		31,669	-	31,669	26,041	-	26,041
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		6,237	-	6,237	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		25,432	-	25,432	25,433	-	25,433
16.3 Profit reserves		11,261	-	11,261	10,425	-	10,425
16.3.1 Legal reserves	(13)	666	-	666	624	-	624
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves	(14)	10,369	-	10,369	9,790	-	9,790
16.3.4 Other profit reserves		226	-	226	11	-	11
16.4 Profit or loss		2,354	-	2,354	836	-	836
16.4.1 Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		2,354	-	2,354	836	-	836
16.5 Minority shares	(15)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		748,751	395,760	1,144,511	575,370	445,262	1,020,632

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

Turklandbank Anonim Şirketi

Statements of Off-Balance Sheet Contingencies and Commitments

for the Period Ended December 31, 2009 and 2008

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Audited Current Period 31.12.2009			Audited Prior Period 31.12.2008		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		540,697	264,396	805,093	375,541	307,687	683,228
I. GUARANTEES	(1), (3)	471,272	238,233	709,505	344,376	307,575	651,951
1.1 Letters of guarantee		471,272	133,207	604,479	344,376	166,843	511,219
1.1.1 Guarantees subject to State Tender Law		28,164	14,951	43,115	24,172	5,188	29,360
1.1.2 Guarantees given for foreign trade operations		-	12,452	12,452	-	29,521	29,521
1.1.3 Other letters of guarantee		443,108	105,804	548,912	320,204	132,134	452,338
1.2 Bank loans		-	9,525	9,525	-	14,299	14,299
1.2.1 Import letter of acceptance		-	9,525	9,525	-	14,299	14,299
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	72,819	72,819	-	103,938	103,938
1.3.1 Documentary letters of credit		-	72,819	72,819	-	103,938	103,938
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		-	22,682	22,682	-	22,495	22,495
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1), (3)	69,425	12,214	81,639	31,061	-	31,061
2.1 Irrevocable commitments		69,425	12,214	81,639	31,061	-	31,061
2.1.1 Forward asset purchase and sales commitments		32,343	12,214	44,557	-	-	-
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		10,528	-	10,528	7,828	-	7,828
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		24,846	-	24,846	21,368	-	21,368
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		1,708	-	1,708	1,865	-	1,865
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		-	-	-	-	-	-
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	13,949	13,949	104	112	216
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		-	13,949	13,949	104	112	216
3.2.1 Forward foreign currency buy/sell transactions		-	-	-	104	112	216
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		-	13,949	13,949	-	-	-
3.2.2.1 Foreign currency swap-buy		-	6,994	6,994	-	-	-
3.2.2.2 Foreign currency swap-sell		-	6,955	6,955	-	-	-
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)		3,216,258	909,793	4,126,051	2,090,587	866,948	2,957,535
IV. ITEMS HELD IN CUSTODY		229,583	25,951	255,534	274,221	21,466	295,687
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		78,686	404	79,090	81,711	331	82,042
4.3. Checks received for collection		144,017	22,907	166,924	189,260	19,283	208,543
4.4. Commercial notes received for collection		6,880	2,359	9,239	3,250	1,457	4,707
4.5. Other assets received for collection		-	281	281	-	101	101
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	294	294
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		2,986,675	883,842	3,870,517	1,816,366	845,482	2,661,848
5.1. Marketable securities		-	-	-	5	-	5
5.2. Guarantee notes		7,754	5,329	13,083	9,005	5,815	14,820
5.3. Commodity		-	-	-	-	35	35
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		824,453	205,105	1,029,558	363,264	165,915	529,179
5.6. Other pledged items		2,154,468	673,408	2,827,876	1,444,092	673,717	2,117,809
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3,756,955	1,174,189	4,931,144	2,466,128	1,174,635	3,640,763

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

Turklandbank Anonim Şirketi
Statements of Income for the Periods
Ended December 31, 2009 and December 31, 2008

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

III. STATEMENT OF INCOME

	Note Ref	Audited Current Period 01.01-31.12.2009	Audited Prior Period 01.01-31.12.2008
I. INTEREST INCOME	(1)	125,481	123,047
1.1 Interest on loans		98,782	99,991
1.2 Interest received from reserve deposits		1,513	2,397
1.3 Interest received from banks		399	1,393
1.4 Interest received from money market placements		3,844	1,674
1.5 Interest received from marketable securities portfolio		20,632	17,417
1.5.1 Held-for-trading financial assets		166	3,716
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		16,162	9,670
1.5.4 Investments held-to-maturity		4,304	4,031
1.6 Finance lease income		-	-
1.7 Other interest income		311	175
II. INTEREST EXPENSE	(2)	(60,944)	(71,539)
2.1 Interest on deposits		(51,761)	(57,767)
2.2 Interest on funds borrowed		(8,716)	(10,279)
2.3 Interest on money market borrowings		(46)	(95)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(421)	(3,398)
III. NET INTEREST INCOME (I - II)		64,537	51,508
IV. NET FEES AND COMMISSIONS INCOME		12,729	9,544
4.1 Fees and commissions received		13,486	10,263
4.1.1 Non-cash loans		7,413	6,159
4.1.2 Other		6,073	4,104
4.2 Fees and commissions paid		(757)	(719)
4.2.1 Non-cash loans		(43)	(31)
4.2.2 Other		(714)	(688)
V. DIVIDEND INCOME	(3)	7	6
VI. NET TRADING INCOME	(4)	10,309	440
6.1 Securities trading gains/ (losses)		9,178	(400)
6.2 Gains/ (losses) from derivative financial instruments		(3,010)	4,215
6.3 Foreign exchange gains/ (losses)		4,141	(3,375)
VII. OTHER OPERATING INCOME	(5)	2,122	5,364
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		89,704	66,862
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(22,625)	(7,528)
X. OTHER OPERATING EXPENSES (-)	(7)	(64,005)	(58,713)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		3,074	621
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)	3,074	621
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(720)	215
16.1 Provision for current income taxes		(3,240)	-
16.2 Provision for deferred taxes		2,520	215
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	2,354	836
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)	2,354	836
23.1 Group's profit/loss		-	-
23.2 Minority shares		-	-
Earnings per share		-	-

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

Turklandbank Anonim Şirketi
Statements of Profit Loss Accounted for Under Equity
as of December 31, 2009 and 2008

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Audited Current Period 01.01-31.12.2009	Audited Prior Period 01.01-31.12.2008
I. Additions to marketable securities revaluation differences for available for sale financial assets	16,828	774
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange 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	(1,407)	(152)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	15,421	622
XI. Profit/Loss	(9,792)	(14)
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(9,792)	(14)
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
XII. Total Profit/Loss accounted for in the period (X±XI)	5,629	608

Turklandbank Anonim Şirketi
Statements of Changes in Shareholders' Equity
for the Periods Ended December 31, 2009 and 2008

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited	Prior Period- 01.01.-31.12.2008	Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and Reserves	Share premium	Share cancellation	Share profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Increase/ (Decrease)	Tangible and Intangible Revaluation Differences	onus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets and from disc. op.	Total Equity	Minority Shares	Total Equity
I	Beginning Balance - 31.12.2007		70.000	25.433	-	-	-	624	-	11.852	11	602	(2.664)	-	-	-	-	-	105.858	-	105.858
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 (I+II)		70.000	25.433	-	-	-	624	-	11.852	11	602	(2.664)	-	-	-	-	-	105.858	-	105.858
IV.	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	İştirakler, Bağlı Ort. ve Birlikte Kontrol Edilen Ort. (İç Ort.) Bedeliaz HS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		100.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.000	-	100.000
14.1	Cash		100.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.000	-	100.000
14.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Period net income/(loss)		-	-	-	-	-	-	-	-	-	836	-	-	-	-	-	-	836	-	836
XX.	Profit distribution		-	-	-	-	-	-	-	(2.062)	-	(602)	2.664	-	-	-	-	-	-	-	-
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	(602)	602	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	(2.062)	-	-	2.062	-	-	-	-	-	-	-	-
	Closing Balance (III+IV+V+VI+VII+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)		170.000	25.433	-	-	-	624	-	9.790	11	836	-	-	608	-	-	-	207.302	-	207.302

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

Turklandbank Anonim Şirketi
Statements of Changes in Shareholders' Equity
for the Periods Ended December 31, 2009 and 2008

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
Audited	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Reserves	Share premium	Share capital cancellation	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Increase Fund	Tangible and Intangible Revaluation Differences	onus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held and from disc. op.	Total Equity
I.		170,000	25,433	-	-	624	-	9,790	11	836	-	608	-	-	-	-	207,302
Changes in the period																	
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	(t)	-	-	-	-	-	-	-	-	-	-	-	-	(t)	(t)
XVII.		-	-	-	-	-	-	-	-	2,354	-	-	-	-	-	-	2,354
XVIII.		-	-	-	-	42	-	579	215	(836)	-	-	-	-	-	-	-
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	42	-	579	215	(836)	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																	
XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX+XXI+XXII		170,000	25,432	-	-	666	-	10,369	226	2,354	-	6,237	-	-	-	-	215,284

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

Turklandbank Anonim Şirketi

Cash Flow Statement for the Periods Ended

December 31, 2009 and 2008

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

VI. STATEMENT OF CASH FLOWS

	Note Ref	Audited Current Period 01.01-31.12.2009	Audited Prior Period 01.01-31.12.2008
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		20,407	(29,800)
1.1.1 Interest received		140,049	94,194
1.1.2 Interest paid		(63,997)	(69,386)
1.1.3 Dividend received		7	6
1.1.4 Fees and commissions received		13,486	10,263
1.1.5 Other income		15,441	9,179
1.1.6 Collections from previously written off loans		2,358	1,305
1.1.7 Payments to personnel and service suppliers		(33,882)	(35,721)
1.1.8 Taxes paid		(5,192)	-
1.1.9 Others	(1)	(47,863)	(39,640)
1.2 Changes in operating assets and liabilities		(42,953)	230,134
1.2.1 Net (increase) decrease in financial assets held for trading		(3,049)	112,820
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		-	41
1.2.4 Net (increase) decrease in loans		(160,650)	(151,045)
1.2.5 Net (increase) decrease in other assets		8,842	(7,942)
1.2.6 Net increase (decrease) in bank deposits		595	(23,005)
1.2.7 Net increase (decrease) in other deposits		263,478	246,259
1.2.8 Net increase (decrease) in funds borrowed		(151,698)	56,810
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	(471)	(3,804)
I. Net cash provided from banking operations		(22,546)	200,334
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(44,414)	(102,164)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(1,299)	(12,997)
2.4 Fixed assets sales		109	593
2.5 Cash paid for purchase of financial assets available for sale		(528,993)	(84,432)
2.6 Cash obtained from sale of financial assets available for sale		491,136	22,595
2.7 Cash paid for purchase of investment securities		(37,178)	(25,733)
2.8 Cash obtained from sale of investment securities		32,140	-
2.9 Others	(1)	(329)	(2,190)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(1,108)	98,274
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	100,000
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(1,108)	(1,726)
3.6 Other	(1)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	(1,908)	16,709
V. Net increase / (decrease) in cash and cash equivalents		(69,976)	213,153
VI. Cash and cash equivalents at beginning of the period		249,429	36,276
VII. Cash and cash equivalents at end of the period		179,453	249,429

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

Turklandbank Anonim Şirketi

Profit Distrubution Table for the Periods Ended December 31, 2009 and 2008

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

VII. PROFIT DISTRIBUTION TABLE

		Audited Current Period 31.12.2009(*)	Audited Prior Period 31.12.2008
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	3,074	621
1.2	TAXES AND DUTIES PAYABLE (-)	(720)	215
1.2.1	Corporate tax (Income tax)	(3,240)	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties(**)	2,520	215
A.	NET INCOME FOR THE YEAR (1.1-1.2)	2,354	836
1.3	PRIOR YEARS' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(42)
1.5	OTHER STATUTORY RESERVES (-)	-	(215)
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A- (1.3+1.4+1.5))]	-	579
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	-	579
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.

(**) Deferred tax Gain / (loss) amounts shown in other tax and duties are not subject to profit distribution.

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

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communique 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.

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.

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 26.65% 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 15.61% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 5.88% 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.

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

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

VI. Explanations 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.

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 month 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 other valuation methods stated in TAS.

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

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

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.

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 non performing 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. Explanations on 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.

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

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

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.

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, 2009, the Bank does not have any reverse repo transactions (December 31, 2008: None).

As of December 31, 2009, the Bank does not have any marketable securities lending transaction (December 31, 2008: 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, 2009 (December 31, 2008: 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.

Expenditures in tangible fixed assets which are not expected to create an economic benefit in following periods amounting to net TRY 664 Thousand are reflected as expense in the financial statements in 2009.

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

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

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 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 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 declared rates 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 authorization for 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 68. The total amount of those cases consists of TRY 253 Thousand, 626,800 US Dollars and 192,500 EURO. Considering these cases, there is a provision of TRY 998 Thousand in the accompanying financial statements for these cases.(December 31, 2008: 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, 2009 is TRY 2,354 Thousand (December 31, 2008: TRY 1,683 Thousand).

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

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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.

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 twenty-fifth 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.

The bank makes necessary provisions over results of current period operations related with corporate tax liabilities. corporate tax provision in current period is TRY 3,240 Thousand (December 31, 2008: None).

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 deferred tax resulting from differences related to items that are debited or charged directly to equity is netted with these accounts.

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.

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 2,520 Thousand in the income statement (December 31, 2008: TRY 215 Thousand deferred tax benefit).

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 Issued 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.

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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.

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 19.32%. (December 31, 2008: 21.87%)

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	20,234	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	14,475	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	67,207	-	37	-	-
Interbank Money Market Placements	77,500	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	35,571	-	-	-	-	-	-
Loans	17,483	-	132	249,215	434,631	-	-
Non-performing loans (Net)	-	-	-	-	5,984	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-	75	-	-
Held to Maturity Investments	37,178	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	619	-	-
Interest and Income Accruals	2,365	-	38	7,675	7,038	-	-
Subsidiaries, Associates and Entities Under Common Control (Net)	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	6,878	-	-
Other Assets	13,882	-	-	-	2,419	-	-
Off-Balance Sheet Items							
Guarantees and Commitments	5,615	-	13,847	14,166	370,898	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	224,303	-	81,224	271,056	828,579	-	-
Total Risk Weighted Assets	-	-	16,245	135,528	828,579	-	-

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	980,352	871,960
Amount Subject to Market Risk (ASMR)	13,900	9,313
Amount Subject to Operational Risk (ASOR)	85,990	65,709
Shareholders' Equity	208,753	207,075
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	%19.32	%21.87

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	170,000
Nominal capital	170,000	170,000
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	11,261	10,425
Reserves allocated by the General Assembly	11,035	10,414
Retained earnings	226	11
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	2,354	836
Current period net profit	2,354	836
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 (-)	(6,212)	-
Prepaid expenses (-)	(1,466)	(2,647)
Intangible assets (-)	(1,702)	(2,554)
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	199,667	206,693
SUPPLEMENTARY CAPITAL	9,327	5,583
General Loan Loss Reserves	6,520	5,309
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	2,807	274
Associates and subsidiaries	-	-
Available for sale securities	2,807	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	9,327	5,583
TIER III CAPITAL	-	-
CAPITAL	208,994	212,276
DEDUCTIONS FROM THE CAPITAL	(241)	(5,201)
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	(241)	-
Other	-	-
Total Shareholders' Equity	208,753	207,075

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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 acquirements 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, 2009, the receivables of the Bank from its top 100 cash loan customers amount to TRY 420,858 Thousand (December 31, 2008: TRY 378,252 Thousand) with a share of 58.76% in the total cash loans (December 31, 2008: 63.96%).

As of December 31, 2009, the receivables of the Bank from its top 100 non-cash loan customers amount to TRY 489,774 Thousand (December 31, 2008: TRY 506,462 Thousand) with a share of 65.60% in the total non-cash loans (December 31, 2008: 74.15%).

The share of cash and non-cash receivables of the Bank from its top 100 customers in total balance sheet and non-cash risk is 37.86% as of December 31, 2009 (December 31, 2008: 42.73%).

As of December 31, 2009, the general loan loss provision related with the credit risk is TRY 6,520 Thousand (December 31, 2008: TRY 5,309 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	710,813	582,173	5,421	9,183	178,690	101,854	67,245	95,336
Private Sector	702,302	575,445	5,242	9,183	-	-	-	-
Public Sector	-	-	-	-	178,615	101,779	-	-
Banks	-	-	179	-	-	-	67,245	95,336
Retail	8,511	6,728	-	-	-	-	-	-
Share Certificates	-	-	-	-	75	75	-	-
Information according to geographical concentration	710,813	582,173	5,421	9,183	178,690	101,854	67,245	95,336
Domestic	710,734	580,765	5,421	9,183	178,690	101,854	49,506	30,869
European Union Countries	6	10	-	-	-	-	2,630	22,634
OECD Countries (***)	-	1,362	-	-	-	-	1,024	464
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	73	36	-	-	-	-	14,075	41,330
Other Countries	-	-	-	-	-	-	10	39
Total	710,813	582,173	5,421	9,183	178,690	101,854	67,245	95,336

(*) 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/Loss
Current Period					
Domestic	1,126,610	831,964	702,844	75	2,354
European Union Countries	2,644	78,012	2,750	-	-
OECD Countries (*)	1,024	407	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	14,148	746	-	-	-
Other Countries	10	18,098	3,911	-	-
Associates, Subsidiaries and Entities Under Common Control	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	1,144,436	929,227	709,505	75	2,354
Prior 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

(*) 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	8,046	1.47	668	0.39	24,647	5.60	758	0.50
Farming and Raising Livestock	6,784	1.24	668	0.39	18,534	4.21	758	0.50
Forestry, Wood and Paper	1,262	0.23	-	-	6,005	1.37	-	-
Fishery	-	-	-	-	108	0.02	-	-
Manufacturing	294,041	53.95	79,365	46.35	220,399	50.12	103,789	68.45
Mining and Quarry	51,723	9.49	2,305	1.34	57,041	12.97	12,220	8.06
Production	241,899	44.38	77,060	45.01	163,123	37.10	91,569	60.39
Electricity, Gas and Water	419	0.08	-	-	235	0.05	-	-
Construction	70,026	12.85	-	-	31,514	7.17	1,031	0.68
Services	156,413	28.69	91,069	53.21	139,587	31.74	45,996	30.33
Wholesale and Retail Trade	93,629	17.18	1,618	0.95	58,413	13.28	1,473	0.97
Hotel, Tourism, Food and Beverage Services	18,765	3.44	50,378	29.43	10,557	2.40	13,984	9.22
Transportation and Communication	15,018	2.76	39,073	22.83	20,554	4.67	29,177	19.24
Financial Institutions	5,421	0.99	-	-	9,183	2.09	-	-
Real Estate and Renting Services	16,128	2.96	-	-	33,139	7.54	-	-
Self-Employment Services	4,914	0.90	-	-	5,891	1.34	1,362	0.90
Education Services	70	0.01	-	-	300	0.07	-	-
Health and Social Services	2,468	0.45	-	-	1,550	0.35	-	-
Other	16,524	3.04	82	0.05	23,579	5.37	56	0.04
Total	545,050	100.00	171,184	100.00	439,726	100.00	151,630	100.00

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	18,037	12,657
Farming and Raising Livestock	16,228	12,357
Forestry, Wood and Paper	1,799	296
Fishery	10	4
Manufacturing	635,618	396,907
Mining and Quarry	129,791	82,139
Production	505,186	314,710
Electricity, Gas and Water	641	58
Construction	312,777	246,589
Services	750,092	544,140
Wholesale and Retail Trade	175,071	98,413
Hotel, Tourism, Food and Beverage Service	70,923	11,145
Transportation and Communication	102,376	58,943
Financial Institutions	349,860	343,561
Real Estate and Renting Services	16,497	822
Self-Employment Services	22,638	21,082
Education Services	89	20
Health and Social Services	12,638	10,154
Other	42,812	25,652
Total	1,759,336	1,225,945

(*) Total amount of loan and receivables; banks; financial assets at fair value through profit and loss; financial assets available for sale (net); held to maturity investments (net) in balance sheet and guarantees and commitments in off balance sheet.

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Prior 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	416,206	298,421
Wholesale and Retail Trade	103,767	71,904
Hotel, Tourism, Food and Beverage Services	25,558	3,569
Transportation and Communication	82,751	65,910
Financial Institutions	147,420	137,076
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	1,475,006	1,106,448

(*) Total amount of loan and receivables; banks; financial assets at fair value through profit and loss; financial assets available for sale (net); held to maturity investments (net) in balance sheet and guarantees and commitments in off balance sheet.

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	67,245	95,336
Financial assets held for trading	964	931
Derivative financial instruments	39	8
Financial assets available-for-sale	138,517	71,159
Held to maturity investment	39,209	29,764
Loans	722,218	594,796
Total	968,192	791,994
Contingent liabilities	709,505	651,951
Commitments	81,639	31,061
Total	791,144	683,012
Total credit risk exposure	1,759,336	1,475,006

As of December 31, 2009; before taking into account collaterals and other credit enhancements, the maximum credit risk exposure to any client or counterparty for cash loans is TRY 23,498 Thousand and for non cash loans is TRY 35,352 Thousand (December 31, 2008: TRY 28,487 Thousand, TRY 47,889 Thousand). After taking these items into account, it is TRY 35,352 Thousand for non-cash loans (December 31, 2008: TRY 28,487 Thousand for cash loans, TRY 47,889 Thousand).

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Credit quality per class of financial assets as of December 31, 2009 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	67,245	-	67,245
Financial assets designated at fair value through profit or loss	1,003	-	1,003
Loans to customers			
Corporate lending	478,398	25,774	504,172
Small business lending	199,646	14,732	214,378
Consumer lending	3,210	458	3,668
Other	-	-	-
Total	749,502	40,964	790,466
Financial investments			
Quoted on a stock exchange -domestic public sector debt securities	177,651	-	177,651
Quoted on a stock exchange -Other debt securities	-	-	-
Unquoted on a stock exchange - Debt securities	-	-	-
Total	177,651	-	177,651
Total	927,153	40,964	968,117

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

	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	100,848	-	100,848
Quoted on a stock exchange -Other debt securities	-	-	-
Unquoted on a stock exchange - Debt securities	-	-	-
Total	100,848	-	100,848
Total	768,968	22,951	791,919

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	Internal Rating Grade	Current Period	%	Prior Period	%
High					
Risk rating class 1	A+ Excellent	2,633	0.37	11,909	2.01
Risk rating class 2	A- Excellent	32,495	4.54	1,997	0.34
Good					
Risk rating class 3	B+ Very Good	70,791	9.88	39,619	6.70
Risk rating class 4	B- Very Good	130,348	18.20	67,245	11.37
Standard					
Risk rating class 5	C+ Good	97,845	13.66	110,113	18.62
Risk rating class 6	C- Good	146,943	20.52	92,671	15.67
Substandard					
Risk rating class 7	D+ Ordinary	131,639	18.38	58,010	9.81
Risk rating class 8	D- Ordinary	57,694	8.06	123,323	20.85
Risk rating class 9	E Bad	38,466	5.37	72,341	12.23
Risk rating class 10	F Very Bad	1,095	0.15	5,388	0.91
Unrated		6,285	0.87	8,740	1.49
Total		716,234	100.00	591,356	100.00

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. The information about customers with F, E and D- rating is shown below.

“F” rating;

Number of clients with F rating is 6 with O/S TRY 1,095Thousand (December 31,2008 : TRY 5,388 Thousand;16 client).

4 of these 6 clients are granted against mortgage covering 84% of total “F” Rating Risk (December 31,2008 : 10 client; 39%).

“E” rating;

Number of clients with E rating is 30 and total O/S is TRY 38,466 Thousand (December 31,2008 : TRY 72,341 Thousand;69 client).

12 of these clients are granted against mortgage with O/S risk of TRY 27,660 Thousand and covers 72% of total “E” Rating Risk.

(December 31,2008 : TRY 44,016 Thousand; 18 client; 61%).

4 of these clients are granted against Customer Check/Note with O/S risk of TRY 1,925 Thousand and covers 5% of total “E” Rating Risk (December 31,2008 : TRY 5,428 Thousand; 21 client; 8%).

TRY 2,571 Thousand O/S risk bearing firm’s Parent Company rating is “B+” (7% of total “E” Rating Risk).

“D” rating;

Number of clients with D- rating is 97 and total O/S is TRY 57,694 Thousand (December 31,2008 : TRY 123,323 Thousand;122 client).

30 of these clients are granted against mortgage with O/S risk of TRY 36,760 Thousand and covers 64% of “D-” Rating risk. (December 31,2008 :TRY 23,612 Thousand; 25 client; 19%).

20 of these clients are granted against Customer Check/Note with O/S risk of TRY 6,485 Thousand and covers 11% of “D-” Rating risk (December 31,2008 : TRY 18,669 Thousand; 42 client; 15%).

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 above and the design of the model is completed. After the application tests evaluation of the model, it started to be used by the beginning of 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	1,330	129
Corporate lending	1,330	129
Small business lending	-	-
Consumer lending	-	-
Other	-	-
Total	1,330	129

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 (summarized below) is taken into consideration. Beside the standard 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 standard 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	933
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	179
(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)	1,112
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	13,900

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	1,574	2,859	803	557	730	375
Common Stock Risk	-	-	-	-	-	-
Currency Risk	136	207	84	137	346	77
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	21,375	38,325	11,088	8,675	10,350	5,963

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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.

IV. Explanations Related to Operational Risk

- a) The Bank calculates 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 85,990 Thousand by using the year end gross revenue of prior 3 year 2006, 2007 and 2008. (December 31, 2008 : TRY 65,709 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, 2009 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates) :

	24.12.2009	25.12.2009	28.12.2009	29.12.2009	30.12.2009	31.12.2009
USD	1.5117	1.5091	1.5083	1.5043	1.5102	1.4953
CHF	1.4562	1.4569	1.4588	1.4584	1.4531	1.4408
GBP	2.4106	2.4091	2.4100	2.4087	2.4059	2.4110
100 JPY	1.6483	1.6548	1.6477	1.6393	1.6327	1.6081
EURO	2.1714	2.1727	2.1713	2.1705	2.1592	2.1401

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2009 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.5035
CHF	1.4601
GBP	2.4394
100 JPY	1.6703
EURO	2.1927

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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	22,861	30,347	-	236	53,444
Banks	2,056	63,508	261	1,416	67,241
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	82	-	-	82
Loans (*)	142,909	132,010	-	-	274,919
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	-	194	-	-	194
Total Assets	167,826	226,141	261	1,652	395,880
Liabilities					
Bank Deposits	41	6	-	488	535
Foreign Currency Deposits	120,296	233,936	3	330	354,565
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	37,461	1,487	-	-	38,948
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	193	177	-	3	373
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	975	360	-	4	1,339
Total Liabilities	158,966	235,966	3	825	395,760
Net Balance Sheet Position	8,860	(9,825)	258	827	120
Net Off-Balance Sheet Position (**)	(7,704)	7,745	-	-	41
Financial Derivative Assets	2,675	10,427	-	-	13,102
Financial Derivative Liabilities	(10,379)	(2,682)	-	-	(13,061)
Non-Cash Loans (**)	82,272	155,836	-	125	238,233
Prior Period					
Total Assets	168,547	273,016	46	1,122	442,731
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

(*) Foreign currency indexed loans amounting to TRY 103,735 Thousand (December 31, 2008: TRY 144,950 Thousand) are included in the loan portfolio.

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

(***) It consists of TRY 6,994 Thousand Financial derivative assets, TRY 6,955 Thousand Financial derivative liabilities, and TRY 6,108 Thousand and TRY 6,106 Thousand forward asset purchase and sales commitments

(****) TRY 39 Thousand asset from derivative financial instruments is not included. (December,31 2008: TRY 8 Thousand)

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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	(208)	(221)	-	-
EURO	10	116	(109)	-	-

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.	14,155	-	-	-	-	56,414	70,569
Banks	62,804	-	-	-	-	4,441	67,245
Financial Assets at Fair Value Through Profit and Loss	39	215	544	205	-	-	1,003
Money Market Placements	77,514	-	-	-	-	-	77,514
Available-For-Sale Financial Assets	18,330	46,558	10,315	63,157	82	75	138,517
Loans (*)	552,146	26,274	75,101	62,640	-	73	716,234
Held-To-Maturity Investments	-	-	19,817	19,392	-	-	39,209
Other Assets (**)	-	-	-	-	-	34,220	34,220
Total Assets	724,988	73,047	105,777	145,394	82	95,223	1,144,511
Liabilities							
Bank Deposits	-	-	-	-	-	1,044	1,044
Other Deposits	541,628	215,068	2,278	72	-	81,860	840,906
Money Market Borrowings	15	-	-	-	-	-	15
Sundry Creditors	-	-	-	-	-	4,289	4,289
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	18,337	5,699	24,814	-	-	28	48,878
Other Liabilities (***)	450	233	587	10	-	248,099	249,379
Total Liabilities	560,430	221,000	27,679	82	0	335,320	1,144,511
Balance Sheet Long Position	164,558	-	78,098	145,312	82	-	388,050
Balance Sheet Short Position	-	(147,953)	-	-	-	(240,097)	(388,050)
Off-Balance Sheet Long Position	-	-	-	-	-	6,994	6,994
Off-Balance Sheet Short Position	-	-	-	-	-	(6,955)	(6,955)
Total Position	164,558	(147,953)	78,098	145,312	82	(240,058)	39

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

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 13,331 Thousand intangible assets amounting to TRY 1,702 Thousand, deferred tax asset amounting to TRY 4,140 Thousand, net non performing loans amounting to TRY 5,984 Thousand, clearing account amounting to TRY 6,302 Thousand, prepaid expenses amounting to TRY 1,466 Thousand and other assets amounting to TRY 1,295 Thousand.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 215,284 Thousand; TRY 2,956 Thousand tax liabilities, TRY 16,751 Thousand provisions and TRY 13,108 Thousand other liabilities.

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Average interest rates applied to monetary financial instruments:

	EUR %	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	-	-	-	7.35
Banks	0.42	0.31	-	10.38
Financial Assets At Fair Value Through Profit And Loss	-	-	-	16.15
Money Market Placements	-	-	-	10.44
Available-For-Sale Financial Assets	-	7.15	-	13.04
Loans	9.52	8.73	-	20.32
Held-To-Maturity Investments	-	-	-	13.82
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	3.98	3.97	-	12.19
Money Market Borrowings	-	-	-	7.79
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.39	3.99	-	12.05

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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.	19,566	-	-	-	-	53,737	73,303
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 (**)	-	-	-	-	-	35,424	35,424
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 revolving 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, tax asset amounting to TRY 1,075 Thousand, net non performing loans amounting to TRY 3,440 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 %
Prior 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

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 43 Thousand. The main reason of this is TRY interest rate risk the bank incurred (December 31, 2008: TRY 739 Thousand change).

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 audit 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 Months	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	34,996	24,751	8,789	2,026	7	-	-	70,569
Banks	4,441	62,804	-	-	-	-	-	67,245
Financial Assets at Fair Value Through Profit and Loss	-	39	65	596	303	-	-	1,003
Money Market Placements	-	77,514	-	-	-	-	-	77,514
Available-For-Sale Financial Assets	-	5,020	4,264	1,492	127,584	82	75	138,517
Loans (**)	-	552,219	26,274	75,101	62,640	-	-	716,234
Held-To-Maturity Investments	-	-	-	19,817	19,392	-	-	39,209
Other Assets	-	11,251	-	-	-	-	22,969	34,220
Total Assets	39,437	733,598	39,392	99,032	209,926	82	23,044	1,144,511
Liabilities								
Bank Deposits	1,044	-	-	-	-	-	-	1,044
Other Deposits	81,860	541,628	215,068	2,278	72	-	-	840,906
Funds Provided From Other Financial Institutions	-	18,365	5,699	24,814	-	-	-	48,878
Money Market Borrowings	-	15	-	-	-	-	-	15
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	4,289	-	-	-	-	-	4,289
Other Liabilities	-	16,514	233	587	10	-	232,035	249,379
Total Liabilities	82,904	580,811	221,000	27,679	82	-	232,035	1,144,511
Liquidity Gap	(43,467)	152,787	(181,608)	71,353	209,844	82	(208,991)	-
Prior Period								
Total Assets	51,803	712,112	58,983	101,165	68,027	5,751	22,791	1,020,632
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)	-

(*) 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.

(**) Revolving 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, 2009							
Bank Deposits	1,044	-	-	-	-	-	1,044
Other deposits	624,596	217,143	2,334	73	-	(3,240)	840,906
Funds provided from other financial institutions	18,396	5,777	25,609	-	-	(904)	48,878
Money market borrowings	15	-	-	-	-	-	15
Total	644,051	222,920	27,943	73	-	(4,144)	890,843
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

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, 2009						
Gross settled	6,955	-	-	-	-	6,955
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	6,955	-	-	-	-	6,955
Total	6,955	-	-	-	-	6,955
As of December 31, 2008						
Gross settled	104	-	-	-	-	104
Foreign exchange forward contracts	104	-	-	-	-	104
Currency swaps	-	-	-	-	-	-
Total	104	-	-	-	-	104

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

Presentation of banks financial assets and liabilities at fair value is shown below:

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	1,038,719	910,966	1,040,173	908,938
Money Market Placements	77,514	123,351	77,514	123,351
Banks	67,245	95,336	67,245	95,336
Available-For-Sale Financial Assets	138,517	71,159	138,517	71,159
Held-To-Maturity Investments	39,209	29,764	40,292	29,738
Loans	716,234	591,356	716,605	589,354
Financial Liabilities	895,117	785,548	895,272	787,081
Bank Deposits	1,044	456	1,044	456
Other Deposits	840,906	577,431	841,061	578,964
Funds Borrowed From Other Financial Institutions	48,878	203,737	48,878	203,737
Marketable Securities Issued	-	-	-	-
Sundry Creditors	4,289	3,924	4,289	3,924

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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	-	77,514	-	-
Banks	-	67,245	-	-
Available-For-Sale Financial Assets	138,517	-	-	-
Held-To-Maturity Investments	40,292	-	-	-
Loans	-	716,605	-	-
Financial Liabilities				
Bank Deposits	-	1,044	-	-
Other Deposits	-	841,061	-	-
Funds Borrowed From Other Financial Institutions	-	48,878	-	-
Marketable Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	4,289
Prior 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

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 and Disclosures 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	2,960	17,275	3,115	7,909
Balances with the Central Bank of Turkey	14,165	36,169	19,573	42,706
Other	-	-	-	-
Total	17,125	53,444	22,688	50,615

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits (*)	14,165	598	19,573	766
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve Deposits	-	35,571	-	41,940
Total	14,165	36,169	19,573	42,706

(*) Unrestricted demand deposits include TRY 14,156 Thousand (December 31, 2008: TRY 19,566 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 5.20% for TRY deposits (December 31, 2008: TRY 12.00%), 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: None.

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

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	-	39	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	39	-	8

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3.a) Information on banks :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	4	49,502	10	30,859
Foreign	-	17,739	-	64,467
Branches and head office abroad	-	-	-	-
Total	4	67,241	10	95,326

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	2,630	22,634	-	-
USA and Canada	14,075	41,330	-	-
OECD Countries*	1,024	464	-	-
Off-shore banking regions	-	-	-	-
Other	10	39	-	-
Total	17,739	64,467	-	-

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

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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	4,264	-	24,705	-
Other	-	-	-	-
Total	4,264	-	24,705	-

a.2) Information on financial assets available for sale subject to repurchase agreements: None

Net book value of unrestricted financial assets available-for-sale is TRY 134,253 Thousand (December 31, 2008: TRY 46,454 Thousand) and there are unquoted stocks amounting TRY 75 Thousand (December 31, 2008: TRY 75 Thousand).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	138,442	71,084
Quoted on a stock exchange	138,442	71,084
Not quoted	-	-
Share certificates	75	75
Quoted on a stock exchange	-	-
Not quoted	75	75
Impairment provision(-)	-	-
Total	138,517	71,159

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, 2008: 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
Corporate shareholders	-	-	-	3,975
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	38,717	-	16,492
Loans granted to employees	677	959	364	980
Total	677	39,676	364	21,447

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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		Under Close Monitoring Loans and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-specialized loans	679,924	-	34,980	1,330
Discount notes	-	-	-	-
Export loans	197,023	-	3,291	-
Import loans	-	-	-	-
Loans given to financial sector	5,421	-	-	-
Foreign loans	79	-	-	-
Consumer loans	7,877	-	487	-
Credit cards	147	-	-	-
Precious metals loans	-	-	-	-
Other	469,377	-	31,202	1,330
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	679,924	-	34,980	1,330

c) Loans according to their maturity structure:

	Standard Loans and Other Receivables		Under Close Monitoring Loans and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short-term loans and other receivables	574,608	-	16,829	-
Non-specialized loans	574,608	-	16,829	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	105,316	-	18,151	1,330
Non-specialized loans	105,316	-	18,151	1,330
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	679,924	-	34,980	1,330

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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	1,642	4,961	6,603
Housing Loans	-	704	704
Car Loans	18	356	374
General Purpose Loans	1,623	1,197	2,820
Other	1	2,704	2,705
Consumer Loans -Indexed to FC	-	952	952
Housing Loans	-	607	607
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	345	345
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	80	-	80
With Installments	-	-	-
Without Installments	80	-	80
Individual Credit Cards-FC	7	-	7
With Installments	-	-	-
Without Installments	7	-	7
Personnel Loans-TRY	316	216	532
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	297	202	499
Other	19	14	33
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	60	-	60
With Installments	-	-	-
Without Installments	60	-	60
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	277	-	277
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	2,382	6,129	8,511

(*) Overdraft Accounts includes TRY 62 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	9,564	73,937	83,501
Business Loans	-	1,279	1,279
Car Loans	14	1,607	1,621
General Purpose Loans	32	1,467	1,499
Other	9,518	69,584	79,102
Commercial loans with installment facility - Indexed to FC	2,203	37,772	39,975
Business Loans	-	-	-
Car Loans	-	15,341	15,341
General Purpose Loans	108	-	108
Other	2,095	22,431	24,526
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)	2,771	-	2,771
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	14,538	111,709	126,247

f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	716,234	591,356
Total	716,234	591,356

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	716,155	589,948
Foreign loans	79	1,408
Total	716,234	591,356

h) Loans granted to subsidiaries and associates: None.

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i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectability	-	767
Loans and receivables with doubtful collectability	-	3,542
Uncollectible loans and receivables	27,794	7,741
Total	27,794	12,050

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:

	III. Group Loans and receivables with doubtful collectability	IV. Group Loans and receivables with limited collectability	V. Group Uncollectible loans and receivable
Current period			
(Gross amount before specific provision)	-	-	901
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	901
Prior Period			
(Gross amount before specific provision)	-	33	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	33	-

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

	III. Group Loans and receivables with doubtful collectability	IV. Group Loans and receivables with limited collectability	V. Group Uncollectible loans and receivable
Prior period end balance	3,401	4,433	7,656
Additions (+)	17,227	371	3,420
Transfers from other categories of non-performing loans (+)	-	17,934	23,370
Transfers to other categories of non-performing loans (-)	(20,221)	(21,083)	-
Collections (-)	(407)	(1,655)	(296)
Write-offs (-)	-	-	(372)
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
Current period end balance	-	-	33,778
Specific provision (-)	-	-	(27,794)
Net Balances on Balance Sheet	-	-	5,984

(*) Provision is provided for rescheduled loans under uncollectible loans and receivables group amounting to TRY 847 Thousand.
(December 31, 2008: TRY 16 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	IV. Group	V. Group
	Loans and receivables with doubtful collectability	Loans and receivables with limited collectability	Uncollectible loans and receivable
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	33,778
Specific provision (-)	-	-	(27,794)
Loans to Real Persons and Legal Entities (Net)	-	-	5,984
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	3,401	4,433	7,656
Loans to Real Persons and Legal Entities (Gross)	(767)	(3,542)	(7,741)
Specific provision (-)	2,634	891	(85)
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 nonperforming 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 9,2009 dated, 479/A numbered Board of Directors decision, balance of debtors under legal follow up with evidence of insolvency amounting to TRY 372 Thousand is written off from assets. (December 31, 2008: TRY 719 Thousand)

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m) Other explanations and disclosures:

Current Period	Corporate	Small Business	Retail	Other	Total
Neither past due nor impaired	477,068	199,646	3,210	-	679,924
Past due not impaired	22,172	12,510		-	34,980
Restructured loans	1,330	-	-	-	1,330
Individually impaired	24,468	8,296	1,014	-	33,778
Total gross	525,038	220,452	4,522	-	750,012
Less: allowance for individually impaired loans	(20,866)	(6,074)	(854)	-	(27,794)
Total net	504,172	214,378	3,668	-	722,218

Prior 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

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

	Corporate	Small Business	Retail	Other	Total
At January 1, 2009	9,702	1,578	697	73	12,050
Change from business division	65	12	(4)	(73)	-
Charge for the period	5,402	2,545	75	-	8,022
Recoveries	(823)	(101)	(17)	-	(941)
Additions	6,619	2,243	173	-	9,035
Amounts written off	(99)	(203)	(70)	-	(372)
At December 31, 2009	20,866	6,074	854	-	27,794

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, 2009 is TRY 13,819 Thousand. (December 31, 2008: TRY 3,292 Thousand).

Collaterals and credit enhancements obtained during the period: None (December 31, 2008: None).

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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	21,686	486	-	-	22,172
Small business lending	12,299	201	10	-	12,510
Consumer lending	267	9	22	-	298
Other	-	-	-	-	-
Total	34,252	696	32	-	34,980

Prior 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

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank held as of December 31, 2009 is TRY 71,399 Thousand (December 31, 2008: TRY 30,958 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 477,990 Thousand have floating interest rates (December 31, 2008: TRY 442,588 Thousand) and the remaining TRY 238,244 Thousand have fixed interest rates. (December 31, 2008: TRY 148,768 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	39,209	-	17,215	-
Other	-	-	-	-
Total	39,209	-	17,215	-

a.2) Held-to-maturity investments subject to repurchase agreements: None (December 31, 2008: None).

There are no held to maturity investments classified as unrestricted financial assets. (December 31, 2008: TRY 12,549 Thousand)

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

	Current Period	Prior Period
Government bonds	39,209	29,764
Treasury bills	-	-
Other public sector debt securities	-	-
Total	39,209	29,764

c) Information on held-to-maturity investments:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	-	-	12,549	-
Not quoted on a stock exchange	39,209	-	17,215	-
Provision for impairment (-)	-	-	-	-
Total	39,209	-	29,764	-

d) Movement of held-to-maturity investments:

	Current period	Prior Period
Beginning balance	29,764	-
Foreign currency differences on monetary assets (*)	(2,000)	4,031
Purchases during year	37,178	25,733
Disposal through sales and redemptions	(25,733)	-
Impairment provision (-)	-	-
Closing Balance	39,209	29,764

(*) Accruals of Held-to maturity investments are reflected in foreign currency differences on monetary assets line.

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) :

	Closing Balance December 31, 2008	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2009
Cost:						
Land and buildings	-	-	-	-	-	-
Leased tangible assets	5,958	-	-	-	-	5,958
Vehicles	-	-	-	-	-	-
Other	24,804	1,299	(312)	(4,544)	-	21,247
Total Cost	30,762	1,299	(312)	(4,544)	-	27,205
	Closing Balance December 31, 2008	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2009
Accumulated Depreciation:						
Land and buildings	-	-	-	-	-	-
Leased tangible assets	(3,438)	(649)	-	-	-	(4,087)
Vehicles	-	-	-	-	-	-
Other	(10,602)	(3,089)	194	3,704	6	(9,787)
Total Accumulated Depreciation	(14,040)	(3,738)	194	3,704	6	(13,874)
Net Book Value	16,722	(2,439)	(118)	(840)	6	13,331

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 effecting 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:

	Closing Balance December 31, 2008	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2009
Cost:						
Software cost	7,196	329	-	2	-	7,527
Other intangible assets	-	-	-	-	-	-
Total Cost	7,196	329	-	2	-	7,527
	Closing Balance December 31, 2008	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2009
Accumulated Depreciation:						
Software cost	(4,642)	(1,183)	-	-	-	(5,825)
Other intangible assets	-	-	-	-	-	-
Total Accumulated Depreciation	(4,642)	(1,183)	-	-	-	(5,825)
Net Book Value	2,554	(854)	-	2	-	1,702

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: None.

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, 2009, there are no carried forward tax losses and tax deductions or exemptions over which deferred tax asset has been computed (December 31, 2008: TRY 889 Thousand deferred tax asset), deferred tax asset computed on the other temporary differences is TRY 2,188 Thousand (December 31, 2008: TRY 186 Thousand deferred tax asset).

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,	1,075	1,012
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	2,520	215
Deferred tax (charge)/benefit (Net)	-	-
Deferred tax accounted for under Shareholders' Equity	(1,407)	(152)
Deferred Tax Asset	2,188	1,075

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 Expenses	1,466	2,647
Advances Given	357	215
Exchange accounts	6,302	7,929
Other	938	842
Total	9,063	11,633

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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SECTION FIVE

II. Explanations and Disclosures 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	4,449	-	25,386	308,600	25,856	2,096	-	-	366,387
Foreign currency deposits	39,161	-	27,346	282,214	5,075	234	535	-	354,565
Residents in Turkey	38,731	-	27,114	231,167	4,846	177	263	-	302,298
Residents abroad	430	-	232	51,047	229	57	272	-	52,267
Public sector deposits	2,563	-	-	-	-	-	-	-	2,563
Commercial deposits	35,435	-	41,172	37,613	769	20	-	-	115,009
Other institutions deposits	252	-	1,466	663	-	-	1	-	2,382
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,044	-	-	-	-	-	-	-	1,044
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7	-	-	-	-	-	-	-	7
Foreign Banks	1,037	-	-	-	-	-	-	-	1,037
Special finance houses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	82,904	-	95,370	629,090	31,700	2,350	536	-	841,950

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	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

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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	85,936	87,573	276,967	152,884
Foreign currency saving deposits	27,731	31,128	120,062	115,294
Other deposits in the form of saving deposits	165	329	2,934	2,708
Foreign branches' deposits under foreign				
Authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under				
foreign authorities' insurance	-	-	-	-
Total	113,832	119,030	399,963	270,886

(*) 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	850	151
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	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

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	7,019	3,932	5,242	3,216
From Foreign Banks, Institutions and Funds	2,911	35,016	2,635	192,644
Total	9,930	38,948	7,877	195,860

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b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	9,930	38,948	7,877	195,860
Medium and long-term	-	-	-	-
Total	9,930	38,948	7,877	195,860

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

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

51% 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	15	-	7	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	15	-	7	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	15	-	7	-

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	937	907	1,502	1,370
Between 1-4 Years	10	10	949	918
More than 4 Years	-	-	-	-
Total	947	917	2,451	2,288

d) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. During 2009, operational lease expenses amounting to TRY 6,624 Thousand have been recorded in the profit and loss accounts. The lease periods vary between 5 and 10 years. (December,31 2008: TRY 5,507 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	4,803	4,009
Provisions for Second Group Loans and Receivables	677	359
Provisions for non-Cash Loans	1,040	941
Other	-	-
Total	6,520	5,309

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: Provision for foreign currency indexed loans amounting to TRY 1,257 Thousand (December 31, 2008: TRY 9 Thousand) is netted off from loans on the balance sheet.

c) The specific provisions of TRY 1,169 Thousand (December 31, 2008: TRY 1,092 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	962	807
Service cost	303	255
Interest cost	105	80
Actuarial gain / (loss)	122	(63)
Benefits paid	(92)	(376)
Additional indemnities or expenses/ (income)	-	259
Total	1,400	962

d.2) Provision for employee benefits table:

	Current Period	Prior Period
Provision for employee termination benefits	1,400	962
Unused vacation provision	954	721
Total of provision for employee benefits	2,354	1,683

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	1,169	1,092
Other provisions(*)	6,708	362
Total	7,877	1,454

(*) Other provisions consist of TRY 2,200 Thousand of bonus provisions, TRY 2,945 Thousand of loan provisions, TRY 997 Thousand of litigation provisions and TRY 566 Thousand of other provisions.

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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.

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	797	763
Taxation on Securities	547	1,012
Property Tax	187	159
Banking and Insurance Transaction Tax (BITT)	758	1,303
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	83	69
Stamp Tax	20	19
Other	24	9
Total	2,416	3,334

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	202	221
Social Security Premiums-Employer	296	319
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	14	15
Unemployment Insurance-Employer	28	30
Other	-	-
Total	540	585

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, 2009 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	170,000
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: None

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	6,237	608
Foreign Exchange Difference	-	-
Total	6,237	608

13. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	666	624
Second legal reserves	-	-
Other legal reserves appropriated in accordance with special legislation	-	-
Total	666	624

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14. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	-	-
Retained earnings	10,369	9,790
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	10,369	9,790

15. Information on minority shares: None.

III. Explanations and Disclosures 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 1,708 Thousand and TRY 1,865 Thousand; payment commitments for checks are TRY 24,846 Thousand and TRY 21,368 Thousand as of December 31, 2009 and December 31, 2008 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, 2009, the total guarantees and commitments consist of letters of guarantee amounting to TRY 604,479 Thousand (December 31, 2008: TRY 511,219 Thousand) acceptances amounting to TRY 9,525 Thousand (December 31, 2008: TRY 14,299 Thousand), letters of credit amounting to TRY 72,819 Thousand (December 31, 2008: TRY 103,938 Thousand) and other guarantees and commitments amounting to TRY 22,682 Thousand (December 31, 2008: TRY 22,495 Thousand).

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Performance bonds	448,688	336,372
Bid bonds	61,475	82,409
Surety ships and Similar Transactions	-	-
Other Letter of Guarantees	94,316	92,438
Total	604,479	511,219

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	17,772	20,706
With maturity of 1 year or less than 1 year	471	-
With maturity of more than 1 year	17,301	20,706
Other non-cash loans	691,733	631,245
Commitments	37,082	31,061
Total	746,587	683,012

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

	Current Period				Prior Period			
	TRY(*)	(%)	FC(*)	(%)	TRY(*)	(%)	FC(*)	(%)
Agricultural	8,184	1.61	1,012	0.42	8,010	2.14	7,539	2.45
Farming and raising livestock	7,636	1.50	1,012	0.42	7,614	2.03	5,558	1.81
Forestry	538	0.11	-	-	366	0.10	1,981	0.64
Fishery	10	-	-	-	30	0.01	-	-
Manufacturing	144,054	28.34	116,375	48.85	151,867	40.45	133,347	43.35
Mining	50,363	9.91	25,250	10.60	85,916	22.88	20,119	6.54
Production	93,469	18.39	91,125	38.25	65,053	17.33	113,228	36.81
Electric, gas and water	222	0.04	-	-	898	0.24	-	-
Construction	160,714	31.61	80,403	33.75	116,554	31.04	115,365	37.51
Services	176,227	34.66	34,320	14.40	84,582	22.52	50,663	16.49
Wholesale and retail trade	62,909	12.38	15,494	6.50	31,034	8.27	12,813	4.17
Hotel, food and beverage services	1,494	0.29	287	0.12	1,017	0.27	-	-
Transportation and telecommunication	41,497	8.16	6,677	2.80	10,793	2.87	22,228	7.23
Financial institutions	45,639	8.98	8,269	3.47	34,873	9.29	8,019	2.61
Real estate and renting services	368	0.07	-	-	315	0.08	17	0.01
Self-employment services	14,130	2.78	3,593	1.51	1,912	0.51	7,463	2.43
Education services	20	-	-	-	16	-	-	-
Health and social services	10,170	2.00	-	-	4,622	1.23	123	0.04
Other	19,175	3.77	6,123	2.57	14,424	3.84	661	0.21
Toplam	508,354	100.00	238,233	100.00	375,437	100.00	307,575	100.00

(*) 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	454,773	128,349	16,499	4,858
Bank acceptances	-	9,525	-	-
Letters of credit	-	72,234	-	585
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	-	22,682	-	-
Loan Granting Commitments	10,528	-	-	-
Payment Commitments for Checks	23,900	-	946	-
Commitments for credit card expenditure limits	1,708	-	-	-
Total	490,909	232,790	17,445	5,443

The Bank provided a reserve of TRY 1,169 Thousand for non-cash loans not yet indemnified amounting to TRY 2,352 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	13,949	-	-	-
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)	13,949	216	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	13,949	216	-	-

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	-	-	-	-	-	-	-	-
USD	-	-	6,994	-	-	-	-	-
EURO	-	-	-	6,955	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	-	-	6,994	6,955	-	-	-	-
Prior Period								
TRY	-	104	-	-	-	-	-	-
USD	-	-	-	-	-	-	-	-
EURO	112	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	112	104	-	-	-	-	-	-

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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, 2009 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, 2009 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 2009

Foreign Currency Commitments

Long term	BBB-
Short term	F3
View	Stable

Turkish Lira Commitments

Long term	BBB-
Short term	F3
View	Stable
National	AAA(tur)
View	Stable

Individual Rating	D
Support Points	2

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IV. Explanations and Disclosures 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	67,208	14,400	78,177	11,425
Medium and long term loans	17,071	14	10,150	10
Interest on non-performing loans	89	-	229	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	84,368	14,414	88,556	11,435

(*) 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	-	1	-	8
Domestic banks	39	60	155	384
Foreign banks	8	291	42	804
Branches and head office abroad	-	-	-	-
Total	47	352	197	1,196

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	166	-	3,716	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	15,146	1,016	9,670	-
Held-to-maturity securities	4,304	-	4,031	-
Total	19,616	1,016	17,417	-

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	1,128	7,588	857	9,422
The Central Bank of Turkey	-	-	-	-
Domestic banks	772	225	742	269
Foreign banks	356	7,363	115	9,153
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	1,128	7,588	857	9,422

(*) Includes fees and commission expenses for borrowings.

Turklandbank Anonim Şirketi
Notes to the Financial Statements
For the Period Ended December 31, 2009

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

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	-	6	-	-	-	-	-	6
Saving deposits	-	4,572	27,691	536	156	4	-	32,959
Public sector deposits	-	2	2	-	-	-	-	4
Commercial deposits	5	4,689	2,560	40	1	-	-	7,295
Other deposits	-	130	123	-	-	-	-	253
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	5	9,399	30,376	576	157	4	-	40,517
Foreign Currency								
Foreign currency deposits	-	2,224	8,885	97	12	26	-	11,244
Bank deposits	-	-	-	-	-	-	-	-
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	2,224	8,885	97	12	26	-	11,244
Grand Total	5	11,623	39,261	673	169	30	-	51,761

3. Information on dividend income:

	Current Period	Prior Period
Trading securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	7	6
Other	-	-
Total	7	6

Turklandbank Anonim Şirketi
Notes to the Financial Statements
For the Period Ended December 31, 2009

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

4. Information on net trading income:

	Current Period	Prior Period
Income	796,181	1,333,083
Gains on capital market operations	9,187	607
Gains on derivative financial instruments	869	14,499
Foreign exchange gains	786,125	1,317,977
Losses (-)	(785,872)	(1,332,643)
Losses on capital market operations	(9)	(1,007)
Losses on derivative financial instruments	(3,879)	(10,284)
Foreign exchange losses	(781,984)	(1,321,352)

5. Information on other operating income:

	Current Period	Prior Period
Provisions for communication expense collected from customers	100	190
Provisions for expenditure collected from customers	134	299
Reversal of specific provision	829	617
Reversal of general loan loss provision	730	193
Income from operational leases	58	25
Income from sales of assets written off	1	217
Corporate Tax Concilation	-	3,612
Other	270	211
Total	2,122	5,364

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	16,719	4,792
III. Group Loans and Receivables	2,686	1,682
IV. Group Loans and Receivables	4,244	785
V. Group Loans and Receivables	9,789	2,325
General loan loss provision expenses	1,941	2,387
Provision expenses for possible losses	3,509	-
Marketable securities impairment losses	151	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	151	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investments held to maturity	-	-
Other	305	349
Total	22,625	7,528

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	33,884	35,721
Reserve for employee termination benefits	438	443
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets (***)	3,687	3,123
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1,183	813
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	27	27
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	21,190	14,819
Rent expenses	6,624	5,507
Maintenance expenses	898	479
Advertisement expenses	263	309
Other expenses(*)	13,405	8,524
Loss on sales of assets	10	-
Other(**)	3,586	3,767
Total	64,005	58,713

(*) Included in other operating expenses; 2,200 bonus provisions; 635 litigation provisions; vehicle expenses are TRY 2,789 Thousand, communication expenses are TRY 1,852 Thousand, cleaning expenses are TRY 934 Thousand, installation and improvements expensed as disallowable are TRY 1,094 Thousand, heating- lightening expenses are TRY 798 Thousand, stationery are TRY 370 Thousand and other expenses are TRY 2,733 Thousand. (December 31, 2008: TRY 2,257 Thousand vehicle ; TRY 1,652 Thousand communication, TRY 1,216 Thousand cleaning, TRY 134 Thousand installation and improvements expensed as disallowable, TRY 713 Thousand heating- lightening expense, TRY 408 Thousand stationery and TRY 2,144 Thousand other expenses).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 692 Thousand, assurance and financial services expenses are TRY 1,594 Thousand; 690 Thousand tax duties charge expenses; and other expenses are TRY 610 Thousand (December 31, 2008: TRY 563 Thousand the premiums paid to Saving Deposit Insurance Fund; TRY 1,259 Thousand assurance and financial consultancy expenses; TRY 1,060 Thousand taxes duties charge expenses; TRY 437 Thousand improvements expensed and TRY 448 Thousand other expenses).

(***) As of December 31, 2009 TRY 24 Thousand depreciation expense of premises and equipment is under other operating expenses due to location change.

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

The Bank has TRY 621 Thousand profit before tax in December 2008 and TRY 3,074 Thousand profit before tax in December 2009. In comparison with the prior year, The Bank's net interest income increased by 25%, provisions and operating expenses increased by 31% and commissions(net) and other income increased by 33%.

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

- As of December 31, 2009, deferred tax charge is TRY 3,240 Thousand (December 31, 2008: None); deferred tax benefit is 2,520 Thousand (December 31, 2008: TRY 215 Thousand deferred tax benefit)
- Deferred tax benefit on temporary differences except carried forward tax losses is TRY 3,409 Thousand. (December 31, 2008: TRY 163 Thousand deferred tax benefit)
- Deferred tax charge for temporary differences on carried forward tax losses or tax exemptions or deductions which is included in the current year statement of income is TRY 889 Thousand. (December 31, 2008: TRY 52 Thousand deferred tax benefit).

Turklandbank Anonim Şirketi
Notes to the Financial Statements
For the Period Ended December 31, 2009

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

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	3,074	621
Tax at the domestic income tax rate of 20% (2008: 20%)	(615)	(124)
Disallowables	(609)	(611)
Other	504	520
Tax calculated	(720)	215

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

The Bank has TRY 836 Thousand net profit in December 2008 and TRY 2,354 Thousand net profit in December 2009.

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		
Expertise fees collected from customers	302	248
Transfer commissions	337	386
Collection note commissions	80	38
Insurance commissions	73	87
Import letters of credit commissions	190	225
Credit cards commissions and fees	20	37
Other banking operations income.	5,071	3,083
Total	6,073	4,104

	Current Period	Prior Period
Other fees and commissions given		
Commissions given to banks	432	381
Commissions given to money market	57	92
EFT expenses	52	38
Other	173	177
Total	714	688

- 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.

Turklandbank Anonim Şirketi

Notes to the Financial Statements

For the Period Ended December 31, 2009

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

V. Explanations and Disclosures 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: TRY 42 Thousand. (December 31,2008: 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.

VI. Explanations and Disclosures 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 47,763 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 471 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 8,842 Thousand consists of changes in sundry debtors and other assets.

Turklandbank Anonim Şirketi
Notes to the Financial Statements
For the Period Ended December 31, 2009

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

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	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
End of the period	Current Period	Prior Period
Cash		
Cash in TRY/Foreign Currency	20,234	11,024
Central Bank	14,475	19,771
Other	-	-
Cash equivalents		
Banks	67,244	95,334
Money market placements	77,500	123,300
Total cash and cash equivalents	179,453	249,429

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	-	-	8	20,467	-	81
Balance at end of period	-	-	37	38,717	-	82
Interest and commission income	-	-	119	54	-	-

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 37 Thousand.

Turklandbank Anonim Şirketi
Notes to the Financial Statements
For the Period Ended December 31, 2009

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

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	-	-	649	12,102	-	-
Balance at end of period	-	-	8	20,467	-	81
Interest and commission income received	-	-	-	31	-	-

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.

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	-	-	51,587	24,652	-	-
Balance at end of period	-	-	533	51,587	199	150
Interest on deposits	-	-	1,242	3,145	14	10

In addition, Bank has "Funds Borrowed" at an amount of TRY 15,055 Thousand used from direct and indirect shareholders of the bank and TRY 867 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.

d) As of December 31, 2009, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 3,896 Thousand (December 31, 2008: TRY 3,975 Thousand).

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	37	0.06
Non-cash loans	38,799	5.20
Deposits	732	0.09
Other financial institutions	15,055	30.80

Turklandbank Anonim Şirketi
Notes to the Financial Statements
For the Period Ended December 31, 2009

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

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 2.64%. Details of these loans are explained in 1a clause.

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	464			
			Country		
Rep-offices abroad	-	-	-	Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

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

There are no branches opened in 2009. (December 31, 2008: 10)

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:

None.

**TURKLAND BANK
ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009**



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To the Board of Directors and Shareholders of
Turland Bank A.Ş.
İstanbul, Turkey

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Turland Bank A.Ş. which comprise the balance sheet as at December 31, 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

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

İstanbul, March 2, 2010

Turkland Bank Anonim Şirketi

Balance Sheet as at December 31, 2009

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

	Notes	December 31, 2009	December 31, 2008
ASSETS			
Cash and cash equivalents	3	164,994	229,712
Balances with Central Bank	4	50,334	62,279
Financial assets at fair value through profit and loss	5	964	930
Derivative financial instruments	14	39	8
Loans and receivables	6	717,278	589,904
Investment securities:	5	177,730	100,928
-Available-for-sale		138,521	71,163
-Held-to-maturity		39,209	29,765
Premises and equipment	7	13,343	16,767
Intangible assets	8	1,702	2,553
Deferred tax asset	13	3,226	2,098
Other assets	9	11,015	11,624
Total assets		1,140,625	1,016,803
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	10	840,906	577,431
Deposits from banks	10	1,044	456
Obligations under repurchase agreements	5	15	7
Funds borrowed	11	48,878	203,737
Other liabilities and provisions	12	32,108	26,615
Total liabilities		922,951	808,246
EQUITY			
Equity attributable to equity holders of the parent			
Share capital issued	15	318,164	318,164
Unrealized gains/(losses) on available-for-sale investments, net of tax		6,237	608
Legal reserves	16	5,249	5,207
Accumulated losses	16	(111,976)	(115,422)
Total equity		217,674	208,557
Total liabilities and equity		1,140,625	1,016,803

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

Turkland Bank Anonim Şirketi**Statement of Income for the Year Ended December 31, 2009**

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

	Notes	January 1- December 31, 2009	January 1- December 31, 2008
Interest income	18	125,329	123,048
Interest expenses	19	(60,944)	(71,539)
Net interest income		64,385	51,509
Fees and commissions and other operating income			
Fees and commissions income		13,486	10,263
Fees and commissions expenses		(757)	(719)
Net fees and commissions income		12,729	9,544
Trading income		6,168	3,815
Provisions for impairment of loan receivables		(19,776)	(7,336)
Foreign exchange gain/(loss)		4,141	(3,374)
Other income	20	562	1,752
Operating expenses	21	(64,023)	(58,715)
Operating profit		4,186	(2,805)
Dividend income		7	6
Profit/(loss) before income tax		4,193	(2,799)
Tax reimbursement	13	-	3,611
Income tax-current	13	(3,240)	-
Income tax-deferred	13	2,535	653
Net profit/(loss) from continuing operations		3,488	1,465
Discontinued operations:			
Net income/(loss) from discontinued operations		-	-
Net profit/(loss) for the year		3,488	1,465
Attributable to:			
Equity holders of the Parent		3,488	1,465
Minority interest		-	-

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

Turkland Bank Anonim Şirketi
Statement of Comprehensive Income
For the Year Ended December 31, 2009

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

	January 1- December 31, 2009	January 1- December 31, 2008
Net profit/(loss) for the year	3,488	1,465
Other comprehensive income		
Fair value gains on available-for-sale financial assets, net of tax	5,629	608
Net change in fair values	15,421	622
Net amount transferred to income	(9,792)	(14)
Other comprehensive income for the year, net of tax	5,629	608
Total comprehensive income for the year	9,117	2,073
Total comprehensive income attributable to equity holders of the Parent	9,117	2,073

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

Turkland Bank Anonim Şirketi
Statement of Changes In Shareholders' Equity
For the Year Ended December 31, 2009

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

	Notes	Share capital	Adjustment to share capital	Unrealized gains/(losses) on available-for-sale investments	Legal reserves	Retained earnings	Total	Minority interest	Total equity
At January 1, 2008		70,000	148,164	-	5,207	(116,887)	106,484	-	106,484
Capital increase		100,000	-	-	-	-	100,000	-	100,000
Total comprehensive income for the year		-	-	608	-	1,465	2,073	-	2,073
At December 31, 2008/January 1, 2009		170,000	148,164	608	5,207	(115,422)	208,557	-	208,557
Transfer to reserves		-	-	-	42	(42)	-	-	-
Total comprehensive income for the year		-	-	5,629	-	3,488	9,117	-	9,117
At December 31, 2009		170,000	148,164	6,237	5,249	(111,976)	217,674	-	217,674

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

Turkland Bank Anonim Şirketi
Statement of Cash Flows
For the Year Ended December 31, 2009

Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated

	Notes	January 1- December 31, 2009	January 1- December 31, 2008
Cash flow from operating activities			
Net profit/(loss) for the year		3,488	1,465
Adjustments for:			
Depreciation and amortization	7-8	4,937	4,024
Provision for losses on loans and receivables		19,776	7,336
Provision for employment termination benefits	12	530	531
Other provision expenses		3,221	393
(Gains)/losses on sale of premises and equipment		23	(809)
Write-off from premises and equipment		838	663
Accrued interest, net		11,405	(26,291)
Taxation	13	705	(653)
Operating profits before changes in operating assets/liabilities		44,923	(13,341)
Changes in operating assets and liabilities:			
Net (increase)/decrease in balances with Central Bank		6,299	(14,301)
Net (increase)/decrease in marketable securities		(66,895)	24,981
Net increase from loans and receivables		(160,753)	(151,769)
Net (increase)/decrease in other assets		2,561	5,325
Net increase in deposits		264,073	223,321
Net increase/(decrease) in other creditors, taxes & liabilities		(1,680)	(2,886)
Employment termination benefits paid	12	(92)	(376)
Income taxes paid		(5,192)	-
Net cash provided by/(used in) operating activities		83,244	70,954
Cash flows from investing activities			
(Additions) to premises and equipment	7	(1,299)	(12,997)
(Additions) to intangible assets	8	(332)	(2,190)
Proceeds from disposal of premises and equipment		109	593
Net cash provided by/(used in) investing activities		(1,522)	(14,594)
Cash flows from financing activities			
Proceeds from borrowed funds, net		(151,698)	56,411
Issue of share capital		-	100,000
Net cash provided by/(used in) financing activities		(151,698)	156,411
Net (decrease)/increase in cash & cash equivalents		(69,976)	212,771
Cash & cash equivalents at the beginning of the year		249,429	36,658
Cash & cash equivalents at the end of the year	3	179,453	249,429

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

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Year Ended December 31, 2009

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

1. CORPORATE INFORMATION

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 upon the sale of 91% of MNG Banks shares in mid 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 purchased 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günel retained 9% of the shares. Transfer of the Bank was done on January 29, 2007. The title of the Bank has been 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. New title of the Bank was registered on April 3, 2007.

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

As of December 31, 2009, the Bank has 25 branches in Turkey and its head office is at 19 Mayıs Mah. 19 Mayıs Cad. Şişli Plaza A Blok No: 7 Şişli-İstanbul.

The financial statements of the Bank were authorized for issue by the management on March 1, 2010. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Presentation of Financial Statements

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standards ("IAS"). The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of Presentation of Financial Statements:

The Bank maintains its books of account and prepares its financial statements in Turkish Lira, which is the currency of the primary economic environment in which the Bank operates, in accordance with the Banking Act, based on accounting principles regulated by the Banking Regulation and Supervision Agency ("BRSA"), the other relevant rules and regulations regulated by the Turkish Commercial Code and Turkish Tax Legislation and relevant accounting rules and regulations.

The accompanying financial statements are based on the statutory records which are maintained under the historical cost convention, except for those items measured at fair value, with adjustments and reclassifications for the purposes of fair presentation in accordance with IFRS. These financial statements are presented in Turkish Lira since that is the currency in which the majority of the Bank's transactions are denominated.

The accompanying IFRS financial statements adopt the accounting principles and policies applied by the BRSA in the Bank's statutory financial statements wherever those do not conflict with IFRS.

The effects of the differences between IFRS and generally accepted accounting principles in other countries than Turkey have not been quantified in the accompanying notes to the financial statements. In the opinion of the Bank's management, all adjustments necessary for the fair presentation of financial position, results of operations and cash flows for the period have been made in the accompanying financial statements.

Certain reclassifications could be made to the prior year figures to comply with the current year presentation in case of necessity.

2.2 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Year Ended December 31, 2009

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2.3 Functional and Presentation Currency

Functional and presentation currency of the Bank is the Turkish Lira (TRY).

Financial statements for the year ended December 31, 2005 were restated for the changes in the general purchasing power of the functional currency based on International Accounting Standard No. 29 ("IAS 29") "Financial Reporting in Hyperinflationary Economies". IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Three years inflation rate in Turkey was 36% as of December 31, 2005, based on the Turkish nation-wide wholesale price indices announced by the State Statistics Association ("SSA"). However, IAS 29 does not establish the rate of 100% as an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgment when restatement of financial statements in accordance with IAS 29 becomes necessary. Moreover, hyperinflation is also indicated by characteristics of the economic environment of a country.

As hyperinflationary conditions in Turkey no longer existed starting from January 1, 2006, Turkish Lira ("TRY") has been treated as a more stable currency since that time and the financial statements of the Bank and those of the subsidiaries located in Turkey prepared in accordance with IFRSs are not required to be adjusted for hyperinflationary accounting.

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.

2.4 Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Foreign currency translation rates used by the Bank as of respective year-ends are as follows:

	EUR/TRY	USD/TRY
December 31, 2007	1.7044	1.1593
December 31, 2008	2.1451	1.5345
December 31, 2009	2.1401	1.4953

2.5 Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation and impairment as at the reporting date. Premises and equipment, except land that is deemed to have indefinite life, are depreciated on a straight-line basis using the following main rates which write off the assets over their expected useful lives:

Safes	2%-10%
Vehicles, Furniture and Fittings	10%-50%
Leasehold Improvements	6.6%-20%

Leasehold improvements are depreciated based on the shorter of the rental period or useful life of the assets.

The costs of a major inspection or overhaul that are accounted as a separate asset component are capitalized. Subsequent expenditures incurred on the premises and equipment, are added to the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the asset will flow to the entity. All other subsequent expenditures and major inspection or overhaul costs that are embodied in the item of property and equipment are recognized as an expense when it is incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of income.

Expenditures in tangible fixed assets which are not expected to create an economic benefit in following periods amounting to net TRY 664 are reflected as expense in the financial statements in 2009.

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Year Ended December 31, 2009

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2.6 Intangible Assets

Computer Software Development Costs:

The Bank generally recognizes computer software development costs as expenses in the period in which they are incurred. However, if it is probable that future economic benefits will flow to the Bank, to the extent that assets created can be identified and create future economic benefit and expenditures can reliably be measured and attributable to the asset, development costs incurred are incorporated into the initial cost of computer software. All other subsequent expenditure associated with the maintenance of the existing computer software is recognized as expense in the period in which it is incurred.

Computer software development costs capitalized as assets are amortized on a straight line basis over their expected useful lives, generally three years.

2.7 Investments and Other Financial Assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value (net of transaction costs except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value). The Bank determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. 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 i.e. for assets carried at cost or amortized cost; change in value is not recognized.

a) Financial assets at fair value through profit or loss

Financial assets classified as held-for-trading are included in this category. 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 in which a pattern of short term profit taking exist. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Gains or losses on investments held-for-trading are recognized in income and include any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 23.

b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investments intended to be held for an undefined period are not included in this classification. The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgments. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances-for example selling an insignificant amount close to maturity-it will be required to classify the entire class as available-for-sale. The investments would therefore be measured at fair value; not amortized cost.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

Interest earned whilst holding held to maturity securities is reported as interest income.

c) Loans and receivables

Loans and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Year Ended December 31, 2009

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

d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses on remeasurement to fair value are recognized as a separate component of equity until the investment is derecognized, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. However, interest calculated on available-for-sale financial assets using effective interest method is reported as interest income.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Bank's right to receive payments is established. The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

For investments that are traded in an active market, fair value is determined by reference to stock exchange or current market bid prices, at the close of business on the balance sheet date. For investments where there is no market price or market price is not indicative of the fair value of the instrument, fair value is determined by reference to the current market value of another instrument which is substantially the same, recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used.

The following equity investment which is shown under securities available for sale has been accounted for at cost:

Entity	Sector	The Bank's Ownership %
İMKB Takas ve Saklama Bankası A.Ş.	Settlement and Custody Bank	0.025

e) Repurchase and Resale Transactions

Purchases or sales of investments under agreements of resale or repurchase are short term and entirely involve debt (primarily government) securities. Sales of investments under agreements of repurchase ("Repos") are retained in the balance sheet and corresponding counterparty commitment is included separately under liabilities. The income and expenses on repo transactions are separately recognized as interest income accrued in accordance with its classification as financial assets at fair value through profit or loss, investments held to maturity or investments available for sale, and interest expense is accounted for on an accrual basis over the period of the transactions.

Purchases of securities under agreements of resale ("reverse repos") are separately disclosed under assets as "funds lent under securities resale agreements" and interest income on such transactions is accounted for on an accrual basis over the period of transactions.

2.8 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.9 Cash and Cash Equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprise cash and balances with central banks (excluding obligatory reserve deposits), deposits with banks and other financial institutions and other money market placements with an original maturity of three months or less.

2.10 Impairment of Financial Assets

At each balance sheet date, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.11 Non-current assets held for sale

Certain non-current assets primarily related to the collateral collected on non-performing loans are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.12 Borrowings

Bank borrowings:

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Bank's accounting policy for borrowing costs.

2.13 Employee Benefits-Defined Benefit Plans

Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Such defined benefit plan is unfunded since there is no funding requirement in Turkey. The cost of providing benefits 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.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations which are disclosed in Note 12 are reviewed regularly. The carrying value of employee termination benefit provisions as of December 31, 2009 is TRY 1,400 (2008: TRY 962)

2.14 Provisions

Provisions are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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The Bank as Lessee

Assets held under finance leases are recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Bank's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.16 Income and Expense Recognition

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, throughout the period to the next repricing date. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

2.17 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

2.18 Derivative Financial Instruments

The Bank's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. In the normal course of business, the Bank enters into a variety of derivative transactions principally in the foreign exchange markets. These are used to provide financial services to customers and to actively take, hedge and modify positions as part of trading activities. Derivatives are also used to hedge or modify risk exposures arising on the balance sheet from a variety of activities including placements, lending and securities investment. The majority of the counterparties in the Bank's derivative transactions are banks and other financial institutions.

Turkland Bank Anonim Şirketi

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The Bank uses derivative financial instruments (primarily foreign currency forward and swap contracts) to hedge its risks associated with foreign currency fluctuations.

The use of financial derivatives is governed by the Bank's policies approved by the board of directors, on the use of financial derivatives consistent with the Bank's risk management strategy.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates, as estimated based on the available quoted market rates prevailing at the reporting date. All unrealized gains and losses on these instruments are included in the statement of income. Unrealized gains and losses on these instruments are not deductible for tax purposes.

2.19 Fiduciary Assets

Assets held by the Bank in a fiduciary, agency or custodian capacity for its customers are not included in the balance sheet, since such items are not treated as assets of the Bank.

2.20 Adoption of New and Revised Standards

In the current year, the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2009. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Bank's accounting policies in the following areas:

- IAS 1 (Revised), "Presentation of Financial Statements"

The revised standard prohibits the presentation of items of income and expenses (referred to as 'non-owner changes in equity') in the statement of changes in equity. Non-owner changes in equity are to be presented separately from owner changes in equity and are required to be disclosed in a Statement of Comprehensive Income. Entities have the option of either presenting one statement or two statements. The Bank has applied IAS1 (Revised) from January 1, 2009 and have chosen to present both a statement of income/(loss) and a statement of comprehensive income/(loss). The adoption of IAS 1 (Revised) does not have any impact on the reported results or financial position of the Bank.

- IFRS 7 (Amendments), "Financial Instruments: Disclosures"

Amendments to IFRS 7 which was issued in March 2009 is applicable to the Bank beginning on January 1, 2009. These amendments require enhanced disclosure on fair value measurements as well as on liquidity risks. Specifically, the amendments require the Bank to disclose changes in valuation techniques for classes of financial instruments where valuation techniques were used to determine fair values. In addition for each class of financial instrument, the Bank is required to disclose the level in the fair value hierarchy into which the fair value measurements are categorized. When valuation techniques used to determine fair values of financial instrument changes, the transfers between levels of the fair value hierarchy are required to be disclosed. Furthermore, the Bank is required to provide a reconciliation of fair values measurements that are determined based on unobservable inputs. Sensitivity analysis on changes in assumptions related to unobservable inputs should also be presented if such changes would produce significant fair value changes.

IFRS 7 further clarifies that the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts, and requires the Bank to add disclosure of a maturity analysis for derivative financial liabilities.

The Bank has implemented the amendments to IFRS 7 in 2009 and has disclosed fair value hierarchy information in Note 23 to the financial statements. In the current year, the Bank did not make significant transfers between fair value hierarchy levels. Furthermore, the Bank has included contractual maturity analysis in Note 23 to the financial statements.

- IFRS 8 "Operating Segments"

IFRS 8 replaces IAS 14 'Segment reporting' and requires segment information to be presented under a 'management approach', where segment information is to be shown on the same basis as that used for internal reporting purposes.

The Bank has identified operating segments in a manner consistent with the internal reporting provided to the chief operating decision makers.

Turkland Bank Anonim Şirketi

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- IFRIC 13 "Customer Loyalty Programmes"

Under IFRIC 13, customer loyalty programs are recognized as a separately identifiable component of the sales transactions. A portion of the fair value of the consideration received in respect of the initial sale shall be allocated to the award credits and the consideration allocated to award credits should be recognized as revenue when awards credits are redeemed.

Standards, amendments and interpretations effective in 2009 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009 but they are not relevant to the Bank's operations:

- IFRS 1 "First time adoption of IFRS" and IAS 27 "Consolidated and separate financial statements" (Amendment relating to cost of an investment on first-time adoption)
- IFRS 2 "Share-based Payment" (Amendment relating to vesting conditions and cancellations)
- IAS 1 "Presentation of Financial Statements" and IAS 32 "Financial Instruments-Presentation" (Amendments relating to disclosure of puttable instruments and obligations arising on liquidation)
- IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments for embedded derivatives when reclassifying financial instruments)
- Amendments resulting from May 2008 Annual Improvements to IFRSs (IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant and Equipment", IAS 19 "Employee Benefits", IAS 20 "Government Grants and Disclosure of Government Assistance", IAS 23 "Borrowing Costs", IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investment in Associates", IAS 31 "Interests in Joint Ventures", IAS 29 "Financial Reporting in Hyperinflationary Economies", IAS 36 "Impairment of Assets", IAS 39 "Financial Instruments: Recognition and Measurement", IAS 40 "Investment Property", IAS 41 "Agriculture")
- IFRIC 15, "Agreements for the Construction of Real Estate"
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Bank

- IFRS 1 "First Time Adoption of IFRS" (Amendments relating to oil and gas assets and determining whether an arrangement contains a lease)
- IFRS 2 "Share-based Payment" (Amendment relating to group cash-settled share-based payment transactions)
- IFRS 3 "Business Combinations", IAS 27 "Consolidated and separate financial statements", IAS 28 "Investment in Associates", IAS 31 "Interests in Joint Ventures" (Comprehensive revision on applying the acquisition method)
- IFRS 9 "Financial Instruments" (First stage of the project to replace IAS 39 "Financial Instruments: Recognition and Measurement" including provisions related to recognition and derecognition, classification and measurement of financial instruments)
- IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments for eligible hedged items)
- IFRIC 17 "Distributions of Non-cash Assets to Owners"
- Amendments resulting from May 2008 Annual Improvements to IFRSs (IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations")
- Amendments resulting from April 2009 Annual Improvements to IFRSs (IFRS 2 "Share-based Payment", IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 8 "Operating Segments", IAS 1 "Presentation of Financial Statements", IAS 7 "Statement of Cash Flows", IAS 17 "Leases", IAS 36 "Impairment of Assets", IAS 38 "Intangible Assets", IAS 39 "Financial Instruments: Recognition and Measurement")
- IFRIC 18 "Transfers of Assets from Customers" is effective for all transfers received on or after July 1, 2009.

Other than IFRS 9, these changes are not expected to have any significant influence on the financial statements of the Bank.

Turkland Bank Anonim Şirketi
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For the Year Ended December 31, 2009

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3. CASH AND CASH EQUIVALENTS

	December 31, 2009	December 31, 2008
Cash on hand	20,234	11,024
Demand deposits-Turkish Lira	4	10
Demand deposits-Foreign Currency	4,437	20,431
Time deposits	62,804	74,895
Money market placements	77,514	123,352
Deposits with banks and other financial institutions	144,759	218,688
Total	164,994	229,712

The effective interest rates on deposits and placements are as follows:

	December 31, 2009		December 31, 2008	
	Effective interest rate		Effective interest rate	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Deposits with banks and other financial institutions	6.5%	0.1%-0.9%	15%	0.03%-1.5%

	December 31, 2009	December 31, 2008
Cash and cash equivalents	164,994	229,712
Balances with Central Bank (Note 4)	14,763	20,339
Less: income accruals	(304)	(622)
Cash and cash equivalents	179,453	249,429

4. BALANCES WITH CENTRAL BANK

	December 31, 2009	December 31, 2008
Balances with Central Bank	14,763	20,339
Reserve deposits	35,571	41,940
Balances with Central Bank	50,334	62,279

Under the regulations of the Central Bank of the Turkish Republic ("Central Bank"), banks are required to deposit with the Central Bank a proportion of all deposits taken from customers, other than domestic interbank deposits. These reserves are not available to finance the operations of the Bank. Balances with the Central Bank earn interest at the interest rates determined by the Central Bank.

As of December 31, 2009 under the prevailing regulations reserve deposits represent the minimum deposits maintained with the Central Bank. The rates used by the Central Bank to determine the required amount of deposits are 5% for TRY deposits and 9% for foreign currency deposits. Reserve deposits earn only interest at 5.2% for TRY deposits (2008: 12%, 0.15% and 1.18% for TRY, USD and EUR, respectively).

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5. INVESTMENTS IN FINANCIAL INSTRUMENTS

Financial assets at fair value through profit and loss:

	December 31, 2009	December 31, 2008
Debt instruments		
Turkish treasury bills	964	930
Total financial assets at fair value through profit and loss	964	930

Investment Securities:

	December 31, 2009	December 31, 2008
Available-for-sale securities _ Quoted		
Turkish treasury bills	138,360	71,084
Eurobonds issued by the Turkish government	82	-
Total available for sale securities _ Quoted	138,442	71,084
Available-for-sale securities _ Unquoted		
Equity instruments	79	79
Total available for sale securities _ Unquoted	79	79
Total available for sale securities	138,521	71,163
Held-to-maturity securities _ Quoted		
Turkish government bonds	39,209	29,765
Total held-to-maturity securities	39,209	29,765
Total investment securities	177,730	100,928

Unlisted equity securities classified as available-for-sale securities represent the Bank's equity holdings in the companies, shares of which are not publicly traded. Consequently they are reflected at cost less reserve for impairment, as a reliable estimate of their fair values could not be made.

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Securities Pledged Under Repurchase Agreements:

Carrying value of debt instruments given as collateral under repurchase agreements which are classified as loaned securities and related liabilities are:

	December 31, 2009	December 31, 2008
Financial assets at fair value through profit and loss	18	8
Available for sale securities	-	-
Held to maturity securities	-	-
Carrying value of securities under repurchase agreements	18	8
Related liability	15	7

Repurchase agreements mature within one month.

In addition, as of December 31, 2009, government securities with carrying values of TRY 43,473 (2008: TRY 41,920) are pledged to the Central Bank and the IMKB Takas ve Saklama Bankası A.Ş. (Istanbul Stock Exchange Clearing and Custody Bank) for regulatory requirements and as a guarantee for stock exchange and money market operations.

TRY 66,069 (2008: TRY 7,334) of debt securities included in the trading, investment and loaned securities portfolios have floating interest rates, whereas the rest of the debt securities have fixed interest rates.

6. LOANS AND RECEIVABLES

	December 31, 2009			December 31, 2008		
	Amount	Effective interest rate		Amount	Effective interest rate	
		Turkish Lira	Foreign Currency		Turkish Lira	Foreign Currency
Corporate loans	500,570	4.0%-63%	3.97%-13%	458,067	5.9%-63%	6.0%-13.0%
Small business loans	212,156	3.1%-63%	3.86%-13%	124,336	6.75%-63%	7.0%-14.0%
Consumer loans	3,508	7.2%-63%	-	8,953	7.2%-64%	-
Total performing loans	716,234			591,356		
Non-performing loans	33,778			15,490		
Less: Specific reserve for impairment	(25,526)			(13,468)		
Less: Portfolio reserve for impairment	(7,208)			(3,474)		
Total	717,278			589,904		

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Non performing loans represent impaired loans and receivables on which interest is not being accrued and loans overdue generally for more than 90 days for which interest is suspended.

December 31, 2009	Corporate	Small Business	Consumer	Other	Total
Neither past due nor impaired	478,398	199,646	3,210	-	681,254
Past due not impaired	22,172	12,510	298	-	34,980
Individually impaired	24,468	8,296	1,014	-	33,778
Total Gross	525,038	220,452	4,522	-	750,012
Less: allowance for individually impaired loans	(18,738)	(5,939)	(849)	-	(25,526)
Less: allowance for collectively impaired loans	(5,038)	(2,135)	(35)	-	(7,208)
Total Allowance for impairment	(23,776)	(8,074)	(884)	-	(32,734)
Total net	501,262	212,378	3,638	-	717,278

December 31, 2008	Corporate	Small Business	Consumer	Other	Total
Neither past due nor impaired	446,537	116,762	8,546	-	571,845
Past due not impaired	11,530	7,574	407	-	19,511
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	(10,754)	(1,934)	(707)	(73)	(13,468)
Less: allowance for collectively impaired loans	(2,691)	(730)	(53)	-	(3,474)
Total Allowance for impairment	(13,445)	(2,664)	(760)	(73)	(16,942)
Total net	456,668	124,279	8,957	-	589,904

A reconciliation of the allowance for individually impaired loans by classes is as follows;

December 31, 2009	Corporate	Small Business	Consumer	Other	Total
At January 1, 2009	10,754	1,934	707	73	13,468
Change in business segment	65	12	(4)	(73)	-
Charge for the year	8,841	4,297	233	-	13,371
Recoveries	(823)	(101)	(17)	-	(941)
Amounts written off	(99)	(203)	(70)	-	(372)
At December 31, 2009	18,738	5,939	849	-	25,526

December 31, 2008	Corporate	Small Business	Consumer	Other	Total
At January 1, 2008	7,142	236	1,154	-	8,532
Change in business segment	156	69	(298)	73	-
Charge for the year	4,516	1,671	75	-	6,262
Recoveries	(490)	(36)	(81)	-	(607)
Amounts written off	(570)	(6)	(143)	-	(719)
At December 31, 2008	10,754	1,934	707	73	13,468

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Movements in the allowance for impaired loans:

	December 31, 2009	December 31, 2008
At January 1	16,942	11,049
Provision for impairment	17,105	7,313
Recoveries	(941)	(701)
Provision net recoveries	16,164	6,612
Loans written off during the year	(372)	(719)
At December 31	32,734	16,942

The fair value of collaterals that the Bank holds related to loans individually determined to be impaired at December 31, 2009 is TRY 13,819 (2008: TRY 3,292).

Collaterals and credit enhancements obtained during the year with respect to impaired loans: None (2008: None).

Aging analysis of past due but not impaired loans per class of financial statements:

December 31, 2009	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and receivables					
Corporate lending	21,686	486	-	-	22,172
Small business lending	12,299	201	10	-	12,510
Consumer lending	267	9	22	-	298
Other					
Total	34,252	696	32	-	34,980

December 31, 2008	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and receivables					
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

Of the total aggregate amount of gross past due but not yet impaired loans and receivables, the fair value of collaterals that the Bank held as at December 31, 2009 was TRY 71,399 (2008: TRY 30,958).

Loans and receivables amounting to TRY 477,990 have floating interest rates and the rest have fixed interest rates. (2008: TRY 442,588)

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7. PREMISES AND EQUIPMENT

	Machinery and Equipment	Furniture and Fixture	Vehicles	Leasehold Improvements	Others	Total
Acquisition Cost						
At January 1, 2008	2,159	813	175	5,775	8,867	17,789
Additions	1,190	919	-	8,720	3,982	14,811
Disposals	(7)	-	(175)	(825)	(344)	(1,351)
At December 31, 2008	3,342	1,732	-	13,670	12,505	31,249
Accumulated Amortization						
At January 1, 2008	1,479	263	175	4,030	5,673	11,620
Charge for the year	464	236	-	1,526	994	3,220
Disposals	(1)	-	(175)	(176)	(6)	(358)
At December 31, 2008	1,942	499	-	5,380	6,661	14,482
At December 31, 2008	1,400	1,233	-	8,290	5,844	16,767
Acquisition Cost						
At January 1, 2009	3,342	1,732	-	13,670	12,505	31,249
Additions	153	102	-	778	266	1,299
Disposals	(2)	(59)	-	(4,848)	(101)	(5,010)
At December 31, 2009	3,493	1,775	-	9,600	12,670	27,538
Accumulated Amortization						
At January 1, 2009	1,942	499	-	5,380	6,661	14,482
Charge for the year	479	297	-	1,893	1,085	3,754
Disposals	(1)	(51)	-	(3,910)	(103)	(4,065)
Write-off	-	-	-	24	-	24
At December 31, 2009	2,420	745	-	3,387	7,643	14,195
At December 31, 2009	1,073	1,030	-	6,213	5,027	13,343

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8. INTANGIBLE ASSETS

	Software	Total
Acquisition Cost		
At January 1, 2008	4,824	4,824
Additions	2,537	2,537
At December 31, 2008	7,361	7,361
Accumulated Amortization		
At January 1, 2008	4,004	4,004
Charge for the year	804	804
At December 31, 2008	4,808	4,808
At December 31, 2008	2,553	2,553
Acquisition Cost		
At January 1, 2009	7,361	7,361
Additions	332	332
At December 31, 2009	7,693	7,693
Accumulated Amortization		
At January 1, 2009	4,808	4,808
Charge for the year	1,183	1,183
At December 31, 2009	5,991	5,991
At December 31, 2009	1,702	1,702

9. OTHER ASSETS

	December 31, 2009	December 31, 2008
Prepaid expenses	1,466	2,647
Advances	357	215
Clearing account	6,302	7,929
Other	2,890	833
Total	11,015	11,624

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10. DEPOSITS

Deposits from banks	December 31, 2009			December 31, 2008		
	Amount	Effective interest rate		Amount	Effective interest rate	
		Turkish Lira	Foreign Currency		Turkish Lira	Foreign Currency
Demand	1,044	-	-	456	-	-
Total	1,044			456		

Customers' deposits	December 31, 2009			December 31, 2008		
	Amount	Effective interest rate		Amount	Effective interest rate	
		Turkish Lira	Foreign Currency		Turkish Lira	Foreign Currency
Saving						
Demand	43,610	-	-	28,788	-	-
Time	677,342	5.00%-13.1%	1.00%-5.50%	459,536	13.5%-24.5%	1.00%-8.99%
	720,952			488,324		
Commercial and other						
Demand	38,250			22,551	-	-
Time	81,704	3.00%-10.06%	-	66,556	10.00%-24%	1.00%-8.50%
	119,954			89,107		
Total	840,906			577,431		

All deposits have fixed interest for the years ended December 31, 2009 and 2008.

11. FUNDS BORROWED

	December 31, 2009	December 31, 2008
Borrowings	48,878	203,737
Total	48,878	203,737

	December 31, 2009	
	Amount	Effective interest rate
		Turkish Lira Foreign Currency
Short-term		
Fixed interest	48,878	7%-15% 2%-5%
Floating interest	-	-
Medium/long-term	-	-
Fixed interest	-	-
Floating interest	-	-
Total	48,878	

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	December 31, 2008		
	Amount	Effective interest rate	
		Turkish Lira	Foreign Currency
Short-term			
Fixed interest	203,737	14%-18%	4%-7%
Floating interest	-	-	-
Medium/long-term	-	-	-
Fixed interest	-	-	-
Floating interest	-	-	-
Total	203,737		

12. OTHER LIABILITIES AND PROVISIONS

	December 31, 2009	December 31, 2008
Other liabilities		
Taxes and dues payable	2,956	3,919
Trade payables and advances	1,570	3,275
Cheques clearance account	12,204	12,001
Payables to government funds	206	55
Blocked money	2,654	595
Obligations under finance leases	917	2,288
Other	1,121	1,122
	21,628	23,255
Provisions		
Employee termination benefits	1,400	962
Unused vacation provision	954	720
Provision on lawsuits	998	362
Provision on non-cash loans	1,418	1,316
Provision for bonus payments	2,200	-
Other	3,510	-
	10,480	3,360
Total	32,108	26,615

Employee Termination Benefits

In accordance with existing social legislation, the Bank and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay (limited to a maximum of TRY 2.365, and TRY 2.172 at December 31, 2009 and 2008, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. In the financial statements as of December 31, 2009, the Bank reflected a liability calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield on government bonds at the balance sheet date. The annual ceiling has been increased to TRY 2.427 effective January 1, 2010.

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The principal actuarial assumptions used in the calculation of the total liability at the balance sheet dates are as follows:

	December 31, 2009	December 31, 2008
Discount rate for pension plan liabilities	11.0%	12.0%
Inflation	4.8%	5.4%

Movements in the defined benefit obligations in the current period were as follows:

	December 31, 2009	December 31, 2008
Opening	962	807
Current service cost	303	255
Interest cost	105	80
Actuarial (gains)/losses	122	(63)
Benefits paid	(92)	(376)
Additional indemnities or gain/(loss)	-	259
Closing balance at period end	1,400	962

13. INCOME TAXES

The Bank is subject to corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Bank's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rates of tax are as follows: 20% in 2009 and 2008.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was 20% for 2009 (2008: 20%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profits of the following years. However, losses incurred cannot be deducted from the profits incurred in the prior years retrospectively. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1st to 25th of the fourth month following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax was 10% starting from April 24, 2003. This rate was changed to 15% with the Decree of the Council of Ministers of the Republic (Decree No. 2006/10731) commencing from July 23, 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to April 24, 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Bank. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive was abolished being effective from January 1, 2006. In case that, entities do not have sufficient taxable income, deduction of the unused investment incentive as of December 31, 2005 from 2006, 2007 and 2008 income was allowed however it was not permitted to defer this investment incentive to subsequent periods after 2008. The Constitutional Court abolished this regulation on October 15, 2009 and the time constraint related to investment incentive has been removed as of the issue of these financial statements. The resolution has been published in the Official Gazette on January 8, 2010.

The tax rate that companies can use in case of deducting tax investment incentive amount is 30%. If companies choose not to use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

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In the accompanying financial statements corporate tax and deferred tax asset/liability are comprised of the following:

Balance Sheet:

	December 31, 2009	December 31, 2008
Corporate taxes and funds (*)	-	-
Deferred tax (asset)/liability (net)	(3,226)	(2,098)

(*) The prepaid tax is higher than the corporate tax liability and they are net off in other assets in the balance sheet.

Income Statement:

	December 31, 2009	31 December, 2008
Current income tax from continuing operations	(3,240)	-
Tax reimbursement (*)	-	3,611
Deferred tax benefit/(charge) from continuing operations	2,535	653
	(705)	4,264
Current income tax from discontinued operations	-	-
Deferred tax benefit/(charge) from discontinued operations	-	-
	-	-

(*) 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 in its financial statements which became collectible with the notification to the Bank.

Temporary differences and corresponding deferred taxes are as follows:

	December 31, 2009 Timing Differences	December 31, 2009 Deferred Tax (Asset)/Liability
Useful life difference on premises and equipment and intangible assets	(486)	(97)
Retirement pay and unused vacation provision	(2,354)	(471)
Loan impairment provision	(5,202)	(1,040)
Provision for bonus payments	(2,200)	(440)
Other	(5,888)	(1,178)
Total	(16,130)	(3,226)

	December 31, 2008 Timing Differences	December 31, 2008 Deferred Tax (Asset)/Liability
Useful life difference on premises and equipment and intangible assets	1,107	221
Retirement pay and unused vacation provision	(1,682)	(337)
Loan impairment provision	(5,115)	(1,023)
Carry forward tax losses	(4,447)	(889)
Other	(351)	(70)
Total	(10,488)	(2,098)

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Movement of deferred tax (asset)/liability:

	December 31, 2009	December 31, 2008
Opening balance at 1 January	(2,098)	(1,596)
Current year charge/(benefit)	(2,535)	(653)
Subtotal	(4,633)	(2,249)
Deferred tax under equity	1,407	151
Closing balance at period end	(3,226)	(2,098)

Current income tax can be reconciled to the profit per statement of income as follows:

	December 31, 2009	December 31, 2008
Reconciliation of Taxation		
Income/(loss) before taxation and minority interest	4,193	812
Tax at the domestic income tax rate of 20% (2008: 20%)	(839)	(162)
Tax effect of undeductable expenses	(221)	(343)
Tax effect of income that is deductible in determining taxable income and other adjustments	355	1,158
Tax reimbursement	-	3,611
Tax benefit/(charge) per income statement	(705)	4,264

14 DERIVATIVES

In the ordinary course of business, the Bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. The table below shows the fair values of derivative financial instruments. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

	December 31, 2009			December 31, 2008		
	Fair value assets	Fair value liabilities	Notional amount in Turkish Lira equivalent	Fair value assets	Fair value liabilities	Notional amount in Turkish Lira equivalent
Derivatives held-for-trading						
Currency swap contracts	39	-	13,949	-	-	-
Other	-	-	-	8	-	216
Total	39	-	13,949	8	-	216

Fair value hedges

As of December 31, 2009, the Bank has no fair value hedges (2008: None).

Cash flow hedges

As of December 31, 2009, the Bank has no cash flow hedges (2008: None).

Hedge of net investment in foreign operations

As of December 31, 2009, the Bank has no hedge of net investment in foreign operations (2008: None).

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15 SHARE CAPITAL

	December 31, 2009	December 31, 2008
Total number of shares, TRY 0.1 par value	1,700 Million	1,700 Million
Total number of shares	1,700 Million	1,700 Million

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

December 31, 2009		
	Amount	%
Arap Bank PLC	85,000	50%
Bankmed, SAL	69,700	41%
Mehmet Nazif Günel	15,300	9%
Restatement effect	148,164	
Total	318,164	

December 31, 2008		
	Amount	%
Arap Bank PLC	85,000	50%
Bankmed, SAL	69,700	41%
Mehmet Nazif Günel	15,300	9%
Restatement effect	148,164	
Total	318,164	

16. RESERVES, RETAINED EARNINGS AND DIVIDENDS PAID AND PROPOSED

Movement in legal reserves and retained earnings are as follows:

	Legal Reserves	Retained Earnings	Total
At January 1, 2008	5,207	(116,887)	(111,680)
Net profit for the period (year)	-	1,465	1,465
At December 31, 2008	5,207	(115,422)	(110,215)
Transfer to reserves	42	(42)	-
Net profit for the period (year)	-	3,488	3,488
At December 31, 2009	5,249	(111,976)	(106,727)

Legal Reserves

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

Dividends Paid and Proposed

The Bank did not propose dividends per share 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.

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17. RELATED PARTIES

A party is related to an entity if: the party controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the entity that gives it significant influence over the entity or has joint control over the entity. Related parties also include individuals that are principal owners, management and members of the Bank's Board of Directors and their families and also post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Transactions with key management personnel:

Key management personnel comprise of the Bank's directors and key management executive officers.

In addition to their salaries, the Bank also provides non-cash benefits to directors.

The executive and non-executive members of Board of Directors and management received remuneration and fees are:

							December 31, 2009	December 31, 2008							
Salaries and short-term benefits							3,896	3,975							
							Interest income & Commission income	Interest expense & Commission expense	Net operating income/ (expense)						
December 31, 2009	Cash loans	Non-cash loans	Deposits taken	Deposit with banks	Deposit from banks	Borrowings									
	-	38,799	241	37	491	15,055	173	2,125	-						
TOTAL							-	38,799	241	37	491	15,055	173	2,125	-
							Interest income & Commission income	Interest expense & Commission expense	Net operating income/ (expense)						
December 31, 2009	Cash loans	Non-cash loans	Deposits taken	Deposit with banks	Deposit from banks	Borrowings									
	-	20,548	51,510	8	227	5,924	31	3,702	-						
TOTAL							-	20,548	51,510	8	227	5,924	31	3,702	-

(*) As of December 31, 2009 and 2008, MNG Group companies are not qualified shareholders and they are not included in the tables above.

18. INTEREST INCOME

	2009	2008
Loans and receivables	98,782	99,991
Investment securities	20,314	17,417
Deposits with banks and other financial institutions	399	1,393
Other interest income	5,834	4,247
Total	125,329	123,048

19. INTEREST EXPENSES

	2009	2008
Customer deposits	(51,761)	(57,767)
Funds borrowed and deposits from other banks	(8,716)	(10,279)
Other interest expenses	(467)	(3,493)
Total	(60,944)	(71,539)

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20. OTHER INCOME

	2009	2008
Income from other banking services	248	724
Other	314	1,028
Total	562	1,752

21. OPERATING EXPENSES

	2009	2008
Staff costs	(33,528)	(34,699)
Defined benefit obligation	(530)	(531)
Unused vacation payments	(385)	(646)
Depreciation and amortization	(4,937)	(4,024)
Rent expenses	(6,624)	(5,507)
Vehicle expenses	(2,789)	(2,257)
Communication expenses	(1,852)	(1,652)
Cleaning expenses	(934)	(1,216)
Provision expense for bonus payments	(2,200)	-
Heating lightening expenses	(798)	(713)
Stationery expenses	(370)	(408)
Others	(9,076)	(7,062)
Total	(64,023)	(58,715)

22. COMMITMENTS AND CONTINGENCIES

In the normal course of business activities, the Bank undertakes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including:

	December 31, 2009	December 31, 2008
Letters of guarantee issued	604,479	511,219
Letters of credit	72,819	103,938
Acceptance credits	9,525	14,299
Other	22,682	22,495
Total non-cash loans	709,505	651,951
Other commitments	79,931	29,196
Credit card limit commitments	1,708	1,865
Total	791,144	683,012

Letters of Guarantee Given to Istanbul Stock Exchange (ISE)

As of December 31, 2009, according to general requirements of the ISE, letters of guarantee amounting to USD 1 million had been obtained from various local banks and were provided to ISE for bond and stock market transactions.

Litigation

In the normal course of its operations, the Bank can be constantly faced with legal disputes, claims and complaints, which in most cases stem from normal insurance operations. Total amount of the cases faced is TRY 253, EUR 192,500 and USD 626,800 (2008: TRY 322 and USD 626,800). The provision of TRY 998 for those cases was provided based on management estimates and professional advice (2008: TRY 362).

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23. FINANCIAL RISK MANAGEMENT

Organization of the Risk Management Function

The Bank's activities involve some degree of risk or combination of risks. Therefore, procedures and operations throughout the Bank are designed towards contributing to effective addressing of this matter reflecting the disciplined and prudent risk management culture of the Bank. The Bank Risk Management supervises the risk management process of the Bank.

The mission of Bank Risk Management function is to ensure together with executive management that risks taken by the Bank align with its policies and are compatible with its profitability and credit-rating objectives.

The risk management process consists of the stages of defining and measuring the risks; establishing the risk policies and procedures and their implementation; and the analysis, review, reporting, research, recognition and assessment of risks within the framework of the basis set by the Board and the Audit Committee.

Limits for Credit Risk, Market Risk, Economic Capital, VAR and stop-loss limits for Treasury positions are set by the Board of Directors. Economic capital calculations cover all types of risk classes; credit, market and operational risk. All limits are calculated and monitored by Risk Management Group and reported to senior management and Audit Committee.

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 causes 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. 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.

The percentage of the top 100 cash loan clients of the Bank to the total loan portfolio is 58.67% (2008: 64.12%).

The percentage of the top 100 non-cash loan clients of the Bank to the total loan portfolio is 65.60% (2008: 74.15%).

The percentage of the total cash and non-cash loans balances of the top 100 clients to the total of assets and off-balance sheet items is 39.61% (2008: 43.62%).

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Derivatives:

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Credit-related commitments:

Credit-related commitments include commitments to extend credit, letters of credit, guarantees and acceptances, other irrevocable commitments which are designed to meet the requirements of the Bank's customers.

Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

The Bank monitors the maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Bank sets out the following sound practices so as to minimize risk in credit-related commitments like in cash credits by,

- (i) establishing an appropriate credit risk environment;
- (ii) operating under a sound credit-granting process;
- (iii) maintaining an appropriate credit administration, measurement and monitoring process; and ensuring adequate controls over credit risk.

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An industry sector analysis of the Bank's financial assets, before taking into account collateral held or other credit enhancements is as follows;

	December 31, 2009	December 31, 2008
Agricultural	17,959	40,869
Farming and Raising Livestock	16,163	32,415
Forestry, Wood and Paper	1,786	8,317
Fishery	10	137
Manufacturing	631,876	608,752
Mining and Quarry	129,360	175,254
Production	501,879	432,366
Electricity, Gas and Water	637	1,132
Construction	312,483	264,805
Services	826,841	538,508
Wholesale and Retail Trade	174,893	103,465
Hotel, Tourism, Food and Beverage Services	70,227	25,414
Transportation and Communication	101,841	82,460
Financial Institutions	427,387	270,708
Real Estate and Renting Services	16,335	33,276
Self-Employment Services	23,456	16,585
Education Services	88	314
Health and Social Services	12,613	6,286
Other	42,756	140,536
Total	1,831,914	1,593,470

The table below shows the maximum exposure to credit risk for the components of the balance sheet;

Gross maximum exposure	December 31, 2009	December 31, 2008
Due from banks	67,245	95,336
Money market placements	77,514	123,352
Financial assets at fair value through profit and loss	964	930
Derivative financial instruments	39	8
Loans and receivables	717,278	589,904
Securities available-for-sale	138,521	71,163
Securities held-to-maturity	39,209	29,765
Total	1,040,770	910,458
Contingent liabilities	709,505	651,951
Commitments	81,639	31,061
Total	791,144	683,012
Total credit risk exposure	1,831,914	1,593,470

As of December 31, 2009; before taking into account collaterals and other credit enhancements, the maximum credit risk exposure to any client or counterparty for cash loans is TRY 23,498 Thousand and for non cash loans is TRY 35,352 Thousand (December 31, 2008: TRY 28,487 Thousand, TRY 47,889 Thousand). After taking into account collaterals and other credit enhancements, the maximum credit risk exposure to any client or counterparty for cash loans is TRY 35,352 Thousand for non-cash loans and there is no cash loan net of such protection (December 31, 2008: TRY 28,487 Thousand for cash loans, TRY 47,889 Thousand for non-cash loans net of such protection).

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Credit quality per class of financial assets as of December 31, 2009 and 2008 is as follows;

December 31, 2009	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	67,245	-	67,245
Financial assets designated at fair value through profit or loss	964	-	964
Loans and receivables			
<i>Corporate lending</i>	473,583	27,679	501,262
<i>Small business lending</i>	197,637	14,741	212,378
<i>Consumer lending</i>	3,178	460	3,638
Total	742,607	42,880	785,487
Financial investments			
<i>Quoted-Government debt securities</i>	177,651	-	177,651
<i>Quoted-Other debt securities</i>	-	-	-
<i>Unquoted-Debt securities</i>	-	-	-
Total	177,651	-	177,651
Grand Total	920, 258	42,880	963,138
December 31, 2008	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	930	-	930
Loans and receivables			
<i>Corporate lending</i>	443,914	12,754	456,668
<i>Small business lending</i>	116,076	8,203	124,279
<i>Consumer lending</i>	8,496	461	8,957
Total	664,752	21,418	686,170
Financial investments			
<i>Quoted-Government debt securities</i>	100,849	-	100,849
<i>Quoted-Other debt securities</i>	-	-	-
<i>Unquoted-Debt securities</i>	-	-	-
Total	100,849	-	100,849
Grand Total	765,601	21,418	787,019

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	Internal/External Grades	Share of exposure %	December 31, 2009	Share of exposure %	December 31, 2008
High Grade					
<i>Risk rating class 1</i>	A+ Excellent	0.37%	2,633	2.01%	11,909
<i>Risk rating class 2</i>	A-Excellent	4.54%	32,495	0.34%	1,997
<i>Risk rating class 3</i>	B+ Very Good	9.88%	70,791	6.70%	39,619
<i>Risk rating class 4</i>	B-Very Good	18.20%	130,348	11.37%	67,245
Standard Grade					
<i>Risk rating class 5</i>	C+ Good	13.66%	97,845	18.62%	110,113
<i>Risk rating class 6</i>	C-Good	20.52%	146,943	15.67%	92,671
Sub Standard Grade					
<i>Risk rating class 7</i>	D+ Ordinary	18.38%	131,639	9.81%	58,010
<i>Risk rating class 8</i>	D-Ordinary	8.06%	57,694	20.85%	123,323
<i>Risk rating class 9</i>	E Bad	5.37%	38,466	12.23%	72,341
<i>Risk rating class 10</i>	F Very Bad	0.15%	1,095	0.91%	5,388
Unrated		0.87%	6,285	1.49%	8,740
Total		100.00%	716,234	100.00%	591,356

The Bank uses 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 collaterals assigned to loans are not taken into account in the rating. The information about customers with F, E and D-rating is shown below.

“F” rating;

Number of clients with F rating is 6 with O/S TRY 1,095 (2008: TRY 5,388; 16 clients).4 of these 6 clients are granted against mortgage covering 84% of total “F” Rating Risk (2008: 10 clients; 39%).

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“E” rating;

Number of clients with E rating is 30 and total O/S is TRY 38,466 (2008: TRY 72,341; 69 client). 12 of these clients are granted against mortgage with O/S risk of TRY 27,660 and covers 72% of total “E” Rating Risk. (2008: TRY 44,016; 18 clients; 61%).

4 of these clients are granted against Customer Check/Note with O/S risk of TRY 1,925 and covers 5% of total “E” Rating Risk (2008: TRY 5,428; 21 clients; 8%).

TRY 2,571 O/S risk bearing firm’s Parent Company rating is “B+” (7% of total “E” Rating Risk).

“D” rating;

Number of clients with D-rating is 97 and total O/S is TRY 57,694 (2008: TRY 123,323; 122 clients).

30 of these clients are granted against mortgage with O/S risk of TRY 36,760 and covers 64% of “D-” Rating risk. (2008: TRY 23,612; 25 clients; 19%).

20 of these clients are granted against Customer Check/Note with O/S risk of TRY 6,485 and covers 11% of “D-” Rating risk (2008: TRY 18,669; 42 clients; 15%).

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 above and the design of the model is completed. After the application tests evaluation of the model, it started to be used by the beginning of the year 2009.

Carrying amount per class of financial assets whose terms have been renegotiated

	December 31, 2009	December 31, 2008
Loans and receivables	1,330	129
Corporate lending	1,330	129
Small business lending	-	-
Consumer lending	-	-
Other	-	-
Total	1,330	129

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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.

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.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions.

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, 2009							
Customers' deposits	624,596	217,143	2,334	73	-	(3,240)	840,906
Deposits from banks	1,044	-	-	-	-	-	1,044
Obligations under repurchase agreements	15	-	-	-	-	-	15
Funds borrowed	18,396	5,777	25,609	-	-	(904)	48,878
Total	644,051	222,920	27,943	73	-	(4,144)	890,843
As of December 31, 2008							
Customers' deposits	448,295	131,818	1,869	203	-	(4,754)	577,431
Deposits from banks	456	-	-	-	-	-	456
Obligations under repurchase agreements	7	-	-	-	-	-	7
Funds borrowed	10,313	8,445	190,671	-	-	(5,692)	203,737
Total	459,071	140,263	192,540	203	-	(10,446)	781,631

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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, 2009						
Net settled:	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forward contracts	-	-	-	-	-	-
Gross settled:	6,955	-	-	-	-	6,955
Forward contracts	-	-	-	-	-	-
Currency swaps	6,955	-	-	-	-	6,955
Total	6,955	-	-	-	-	6,955
As of December 31, 2008						
Net settled:	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forward contracts	-	-	-	-	-	-
Gross settled:	104	-	-	-	-	104
Forward contracts	104	-	-	-	-	104
Currency swaps	-	-	-	-	-	-
Total	104	-	-	-	-	104

Net liquidity gap:

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates. Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

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Presentation of assets and liabilities according to their remaining maturity:

	Demand	Up to 1 Month	1 to 3 months	3 months to 1 year	Over 1 year	Unallocated	Total
As at December 31, 2009							
Assets:							
Cash and cash equivalents	24,676	140,318	-	-	-	-	164,994
Banks with Central bank	14,761	24,751	8,789	2,026	7	-	50,334
Financial assets at fair value through profit and loss	-	-	65	596	303	-	964
Derivative financial instruments	-	39	-	-	-	-	39
Loans and receivables (*)	-	546,660	26,010	74,346	62,010	8,252	717,278
Investment securities	-	5,020	4,264	21,309	147,058	79	177,730
Premises and equipment	-	-	-	-	-	13,343	13,343
Intangible assets	-	-	-	-	-	1,702	1,702
Deferred tax asset	-	-	-	-	-	3,226	3,226
Other assets	-	11,015	-	-	-	-	11,015
Total Assets	39,437	727,803	39,128	98,277	209,378	26,602	1,140,625
Liabilities:							
Customers' deposits	81,860	541,628	215,068	2,278	72	-	840,906
Deposits from banks	1,044	-	-	-	-	-	1,044
Obligations under repurchase agreements	-	15	-	-	-	-	15
Derivative financial instruments	-	-	-	-	-	-	-
Funds borrowed	-	18,365	5,699	24,814	-	-	48,878
Other liabilities and provisions	-	20,799	233	587	10	228,153	249,782
Total Liabilities	82,904	580,807	221,000	27,679	82	228,153	1,140,625
Net liquidity gap	(43,467)	146,996	(181,872)	70,598	209,296	(201,551)	-
As at December 31, 2008							
Total assets	51,804	708,250	58,808	100,896	73,526	23,519	1,016,803
Total liabilities	51,795	425,844	138,113	188,024	1,109	211,918	1,016,803
Net liquidity gap	9	282,406	(79,305)	(87,128)	72,417	(188,399)	-

(*) Revolving loans are presented in up to 1 month column.

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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 on 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 standardised method (summarised below) is taken into consideration. Beside the standardised 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, parametric method, and these results are also reported daily to the management.

VaR Analysis

The VaR risk measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Bank reflects the 99% probability that the daily loss will not exceed the reported VaR.

VaR methodologies employed to calculate daily risk numbers include the historical and variance covariance approaches.

While VaR captures the Bank's exposure under normal market conditions, sensitivity and scenario analysis, and in particular stress testing, is used to add insight to the possible outcomes under abnormal market conditions. The Bank assesses various stress scenarios to measure the impact on portfolio values of extreme moves in markets, based on historical experience as well as hypothetical scenarios. The stress-testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk, and consequently reflects the decline in liquidity that frequently accompanies market shocks.

VAR limits have been established for all trading operations and exposures are reviewed daily against the limits by management.

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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 standardised method.

The Board of Directors sets limits for the positions, 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 economically hedged against exchange rate risk by derivative instruments.

The carrying amount of the Bank's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	EURO	USD	Other FC	Total
As of December 31, 2009				
Assets				
Cash and cash equivalents	10,602	72,599	1,913	85,114
Banks with Central bank	14,315	21,256	-	35,571
Loans and receivables (*)	142,909	132,010	-	274,919
Investment securities	-	82	-	82
Other assets	-	194	-	194
Total assets	167,826	226,141	1,913	395,880
Liabilities:				
Customers' deposits	120,296	233,936	333	354,565
Deposits from banks	41	6	488	535
Funds borrowed	37,461	1,487	-	38,948
Other liabilities and provisions	1,168	537	7	1,712
Total Liabilities	158,966	235,966	828	395,760
Net on balance sheet position	8,860	(9,825)	1,085	120
Net off balance sheet position	(7,704)	7,745	-	41
Derivative financial assets	2,675	10,427	-	13,102
Derivative financial liabilities	(10,379)	(2,682)	-	(13,061)
As of December 31, 2008				
Total assets	168,547	273,016	1,168	442,731
Total liabilities	169,749	275,221	292	445,262
Net on balance sheet position	(1,202)	(2,205)	876	(2,531)
Net off balance sheet position	112	-	-	112
Derivative financial assets	112	-	-	112
Derivative financial liabilities	-	-	-	-

(*) Foreign currency indexed loans amounting to TRY 103,735 (2008: TRY 144,950) are included in the loan portfolio.

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

Foreign currency sensitivity

The Bank is mainly exposed to EUR and USD currencies.

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/decrease %10 against TRY.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
USD	10	(208)	(221)	-	-
EUR	10	116	(109)	-	-

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 standardized method and included in the market risk for capital adequacy.

Risk Management Department performs duration, maturity and sensitivity analysis to measure the effect of interest rate volatility and report 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.

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 43. The main reason of this is fair value change of held for trading government bonds that the Bank holds. (2008: TRY 739)

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Year Ended December 31, 2009

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

Interest rate swap contracts

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

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.

Capital Adequacy

To monitor the adequacy of its capital, the Bank uses ratios established by Banking Regulation and Supervision Agency (BRSA). The minimum ratio is 8% (12% if a bank operates in offshore markets). These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. As of December 31, 2009, its capital adequacy ratio on an unconsolidated basis is above 12%.

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of the Bank's major financial instruments that are carried in the financial statements at other than fair values.

	Carrying value		Fair value	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Financial assets	1,040,770	910,458	1,042,224	908,429
Money market placements	77,514	123,352	77,514	123,352
Deposits with banks	67,245	95,336	67,245	95,336
Financial assets at fair value through profit and loss	964	930	964	930
Derivative financial instruments	39	8	39	8
Available-for-sale financial assets	138,521	71,163	138,521	71,163
Loans and receivables	717,278	589,904	717,649	587,902
Held-to-maturity investments	39,209	29,765	40,292	29,738
Financial liabilities	890,843	781,631	890,998	783,164
Customers' deposits	840,906	577,431	841,061	578,964
Deposits from banks	1,044	456	1,044	456
Obligations under repurchase agreements	15	7	15	7
Funds borrowed	48,878	203,737	48,878	203,737

Turkland Bank Anonim Şirketi

Notes to the Financial Statements

For the Year Ended December 31, 2009

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

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

December 31, 2009	Level 1	Level 2	Level 3	Total
Financial Assets				
Money market placements	-	77,514	-	77,514
Deposits with banks	-	67,245	-	67,245
Financial assets at fair value through profit and loss	964	-	-	964
<i>Debt instruments</i>	964	-	-	964
Derivative financial instruments	-	39	-	39
Available-for-sale financial assets	138,442	79	-	138,521
<i>Debt instruments</i>	138,442	-	-	138,442
<i>Available-for-sale securities (*)</i>	-	79	-	79
Loans and receivables	-	717,649	-	717,649
Held-to-maturity investments	40,292	-	-	40,292
<i>Debt instruments</i>	40,292	-	-	40,292
Financial Liabilities				
Customers' deposits	-	841,061	-	841,061
Deposits from banks	-	1,044	-	1,044
Obligations under repurchase agreements	-	15	-	15
Derivative financial instruments	-	-	-	-
Funds borrowed	-	48,878	-	48,878
December 31, 2008	Level 1	Level 2	Level 3	Total
Financial Assets				
Money market placements	-	123,352	-	123,352
<i>Debt instruments</i>	-	95,336	-	95,336
Financial assets at fair value through profit and loss	930	-	-	930
<i>Debt instruments</i>	930	-	-	930
Derivative financial instruments	-	8	-	8
<i>Available-for-sale financial assets</i>	71,084	79	-	71,163
<i>Debt instruments</i>	71,084	-	-	71,084
Available-for-sale securities (*)	-	79	-	79
Loans and receivables	-	587,902	-	587,902
Held-to-maturity investments	29,738	-	-	29,738
<i>Debt instruments</i>	29,738	-	-	29,738
Financial Liabilities				
Customers' deposits	-	578,964	-	578,964
Deposits from banks	-	456	-	456
Obligations under repurchase agreements	-	7	-	7
Funds borrowed	-	203,737	-	203,737

(*) Available-for-sale securities in Level 2 represent the Bank's equity holdings in the companies, shares of which are not publicly traded and are reflected at cost less reserve for impairment.

24. SUBSEQUENT EVENTS

None

SECTION IV INFORMATION ON FINANCIAL STRUCTURE

Assessment of Financial Position

Assessment of Financial Position

As of year-end 2009, total assets reached TL 1,145 million (US\$ 765 million) indicating an increase of 12%. Guarantees and collaterals of T-Bank stood at TL 710 million (US\$ 474 million) by year's end.

Paid-in capital of TL 70 million in 2007 was increased by 143% in 2008 to TL 170 million. Thus the shareholders' equity increased to TL 207 million (US\$ 135 million) at the end of 2008. Paid-in capital was TL 215 million (US\$ 144 million) at the end of 2009.

The net profit in 2009 was TL 2,354 thousand (US\$ 1,574 thousand).

Credit Risks and Capital Adequacy

The regulatory minimum threshold of the capital adequacy ratio is 8%. The ratio of the Bank was way above that level in 2007 standing at 19%. The capital injection which took place in 2008 had a positive impact on the ratio pushing it upwards to 22% by the end of the year. In 2009 the Bank's capital adequacy ratio reached 19,3%.

In 2009, the loan portfolio reached TL 750 million (US\$ 502 million) indicating an increase of 24%.

The reserve ratio for non-performing loans stands at 82.3%, while non-performing loans account for 4.50% of total loans.

Five-Year Summary Financial Statistics

(TL thousands)	2009	2008	2007	2006	2005
Total Assets	1,144,511	1,020,632	636,452	526,243	461,412
Loan Portfolio (Net)	722,218	594,796	418,905	306,004	256,744
Securities Portfolio	178,729	101,862	127,212	100,298	135,855
Total Deposits	841,950	577,887	331,470	337,467	268,973
Funds from Repo Transactions	15	7	22,032	16,045	58,743
Borrowings	48,878	203,737	146,005	87,672	44,386
Shareholders' Equity	215,284	207,302	105,858	70,256	72,827
Guarantees and Collaterals	709,505	651,951	378,326	403,673	425,295
Net Interest Income	64,537	51,508	26,171	12,796	21,331
Net Commission Income	12,729	9,544	5,452	6,196	6,085
Profit Before Taxes	3,074	621	641	(3,570)	10,867
Net Profit	2,354	836	602	(2,571)	7,636

(*) Prepared in compliance with the Regulation on Accounting Practices.

%	2009	2008	2007	2006	2005
Capital Adequacy Ratio	19.3	21.9	18.9	16.7	17.7
Return on Assets	0.2	0.1	0.1	(0.5)	1.9
Return on Equity	1.1	0.4	0.7	(3.6)	10.8
Loans/Deposits	85.8	102.9	126.4	90.7	95.5
Loans/Total Assets	63.1	58.3	65.8	58.1	55.6
Liquid Assets/Total Assets*	26.7	29.6	25.7	33.7	34.9
Non-performing Loans (Net)/Total Loans (Net)	0.8	0.6	0.2	0.2	0.6
Non-performing Loans/Total Assets	0.5	0.3	0.1	0.1	0.3

(*) Includes Securities Portfolio (TRD, AFS), exclude reserves.

T-Bank Credit Ratings

Foreign Currency

Long-Term/Short-Term/Outlook

BBB-/F3/Stable

Local Currency

Long-Term/Short-Term/Outlook

BBB-/F3/Stable

National

Long-Term/Outlook/Individual/Support

AAA (tur)/Stable/D/2

Sovereign Risk

FC Long-Term/LC Long-Term/Outlook

BB+/BB+/Stable

T-Bank's credit ratings are being assigned by Fitch Ratings.

Directory

Headquarters

Address : 19 Mayıs Mah. 19 Mayıs Cad. Şişli Plaza
A Blok No: 7 Şişli 34360 İstanbul/Turkey
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Fax : +90 (212) 368 35 35

Main Branch

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Fax : +90 (212) 368 35 88

Adana

Address : Kurtuluş Mah. Atatürk Bulvarı Mehmet
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Fax : +90 (322) 459 89 59

Ankara Ostim

Address : 100. Yıl Bulvarı No: 29 Yenimahalle Ostim
Ankara/Turkey
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Fax : +90 (312) 386 24 34

Antalya

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Fax : +90 (242) 243 51 54

AHL

Address : Atatürk Hava Limanı Serbest Bölge 2. Kısım
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Bakanlıklar

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06680 Ankara/Turkey
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Bayrampaşa

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Fax : +90 (212) 480 04 91

Beylikdüzü

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Bursa

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Bursa/Turkey
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Fax : +90 (224) 221 55 90

Caddebostan

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Fax : +90 (216) 386 81 61

Denizli

Address : 2. Ticari Yol 464 Sok. Köşe Apt. No:31
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Dolayoba

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Dudullu

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Küçük Sanayiciler Toplu İşyeri Yapı Koop.
Keyap Çarşı No: 22 Dudullu
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Gaziantep

Address : İncilipınar Mah. Muammer Aksoy Bulvarı
Sever İş Merk. No: 43 Gaziantep/Turkey
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Fax : +90 (342) 232 82 40

Gebze

Address : Osman Yılmaz Mah. İstanbul Cad.
Fulya Apt. No: 29 Gebze Kocaeli/Turkey
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Fax : +90 (262) 643 18 32

Güneşli

Address : Evren Mah. Koçman Cad. Ziyal Plaza B Blok
 K: 2 No: 38 Güneşli/Bağcılar 34560 Istanbul/Turkey
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 Fax : +90 (212) 657 11 57

İkitelli

Address : İkitelli Organize Sanayi Bölgesi Atatürk
 Bulvarı Haseyad 1. Kısım No: 109 C Blok
 Göksu Plaza İkitelli-Istanbul/Turkey
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 Fax : +90 (212) 549 79 62

Izmir

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 Alsancak/Izmir/Turkey
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Kadıköy

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 Fax : +90 (216) 414 18 55

Kayseri

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 No:28 A-B Kayseri/Turkey
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 Fax : +90 (352) 232 41 07

Konya

Address : Mussallabağları Mah. Nalçacı Cad.
 No: 88/A Konya/Turkey
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 Fax : +90 (332) 233 68 77

Kozyatağı

Address : Bayar Cad. Gülbahar Sok. Perdemsac Plaza
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Levent

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 Fax : +90 (212) 282 40 20

Manavgat

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 Manavgat Antalya/Turkey
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