
**2007
ANNUAL REPORT**

 **TURKISH BANK LTD.**

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TURKISH BANK LIMITED

BOARD OF DIRECTORS

M. Tanju Ozyol	Chairman
Nafi Türkođlu	Vice-Chairman
İ. Hakan Börteçene	Executive Director
Kıvanç M. Rıza	Director and Secretary
C. Yenal Musannıf, FCA	Director and General Manager
Ender Par	Director and Chairman of the Audit Committee
Salih Dayıođlu	Director
Erman Yerdelen	Director

SENIOR MANAGEMENT

C. Yenal Musannıf, FCA	General Manager and Director
M. A. Yunus Rahmiođlu	Asst. General Manager – Advances / Marketing
Zafer Elmas	Asst. General Manager – Information Technology /Automation
Erhan Raif, ACCA	Asst. General Manager - Operations / Finance / Securities

AUDIT COMMITTEE

Ender Par	Chairman
Hüseyin İrfan	Asst. General Manager – Head of Internal Audit

AUDITORS

ERDAL & CO.	Chartered Accountants
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TURKISH BANK (UK) LTD.

BOARD OF DIRECTORS

M. Tanju Ozyol	Chairman
İ. Hakan Börteçene	Director
M. D. Bendon	Director and Member of Audit Committee
R.W. Long	Executive Director
M. E. Erenman	Director
J. Clouting	Director and Member of Audit Committee

COMPANY SECRETARY

K. Bissel

AUDITORS

DELOITTE L. L. P. Chartered Accountants

TURKISH INSURANCE LIMITED

BOARD OF DIRECTORS

M. Tanju Ozyol	Chairman
İ. Hakan Börteçene	Director
Kıvanç M. Rıza	Director
C. Yenal Musannıf, FCA	Director
M. İhsan Ezgü	Executive Director
Ender Par	Director

COMPANY SECRETARY

Şensoy Şener

AUDITORS

ERDAL & CO. Chartered Accountants

TURKISH BANK LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the Turkish Bank Ltd. will be held at the Registered Office, 92 Kyrenia Street, Nicosia on Friday 25 April 2008 at 4 p.m. for the following purposes:

- 1) To receive the Report of the Directors.
- 2) To receive and consider the Balance Sheet of the Bank and Consolidated Balance Sheet of the Group as at 31 December, 2007 together with Profit and Loss Account of the Bank and of the Group for the year 2007 and the Auditors' Report.
- 3) To elect three new members of the Board of Directors in place of those three retiring after completing their term of office.

Note: The three members of the Board so retiring and eligible for re-election are:

İ Hakan Börteçene
Salih Dayıođlu
Erman Yerdelen

- 4) To fix the remuneration of the Directors.
- 5) To appoint Auditors and to authorise the Directors to fix the Auditors' remuneration.

Note: Messrs. Erdal & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Every shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him. A proxy so appointed need not be a shareholder. The instrument appointing a proxy should be deposited at the Registered Office of the Bank at least 48 hours before the time for holding of the meeting.

By Order of the Board
Kıvanç M. Rıza
Secretary

Nicosia, 28 March 2008

TURKISH BANK LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report with the annexed audited accounts of the bank and the consolidated accounts of the group for the year ended 31 December 2007.

With two new branch openings in Gazimağusa and Girne, our branches increased to 16 and after issuing 11% bonus shares, the paid up share capital of the bank reached 56.9 Million YTL in 2007.

All administrative and other expenses have been deducted and necessary provisions were made for non-performing loans and advances in accordance with the requirements of the Central Bank directive issued under 39/2001 Banking Law. After making provision for corporation and income tax aggregating YTL.1,035,598, the Board of Directors recommend that the total profits, including previous years profits, of YTL 4,231,115 of the bank to be appropriated as follows:

Transfer to Statutory Reserve	YTL. 330,000.-
Transfer to Retained Earnings	YTL. 3,901,115.-

Approved by the Board of Directors and signed on 28 March 2008.

Kıvanç M. Rıza
Secretary

Nicosia, 28 March 2008.

TURKISH BANK LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

As per 39/2001 Banking Law, the directors are required to keep the accounts of the bank and prepare its uniform annual balance sheet, uniform profit and loss account and uniform notes in conformity with the accounting and valuation standards and the methods of implementations of these rules as stated in the 'Uniform Chart of Accounts for Banks' Decree issued by TRNC Central Bank.

Companies Law requires the directors to prepare a balance sheet that shall give a true and fair view of the state of affairs of the bank at the end of its financial year, and a profit and loss account that shall give a true and fair view of the profit or loss of the bank for the financial year. The directors are responsible for keeping proper books of account to give a true and fair view of the state of the bank's affairs and to explain its transactions and give the information required by Chapter 113, the Companies Law. The directors are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

M. Tanju ÖZYOL
Chairman

Kıvanç M. RİZA
Director and Secretary

C Yenil MUSANNIF
General Manager and Director

Nicosia, 28 March 2008.

TURKISH BANK LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD 1 JANUARY 2007-31 DECEMBER 2007

We have audited the accounts on pages 9 to 42 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 14-17. As described on page 7 the directors of the bank are responsible for the preparation of accounts. Our responsibility is to express an opinion based on our audit.

We have conducted our audit in accordance with applicable auditing principles. Those principles require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessment of the accounting principles used, significant accounting estimates made by the board of directors and the overall presentation of the financial statements. We believe that our audit provides reasonable basis for our opinion.

Report in accordance with Principles Relating to the Establishments Authorised to carry out Independent Audits of the Banks Decree

In our opinion, the said financial statements, with all material respects, have been examined on a test basis under Article 34 (3) of the Banking Law No:39/2001 and is in conformity with the uniform chart of accounts, uniform balance sheet and profit and loss statement, notes to the financial statements, accounting and valuation standards in accordance with Article 29 (3), the records of the bank in accordance with Article 30 of the above mentioned Law and as explained in note-1 (14).

Opinion in Accordance with Companies Law Chapter 113

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, the bank has kept proper books of account, so far, as appears from our examination of those books. The balance sheet of the bank and profit and loss account dealt with by the report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by Chapter 113, the Companies Law in the manner so required and with all materials respects, give a true and fair view in the case of the Balance Sheet, of the state of the Bank's affairs as at 31 December 2007 and in the case of the Profit and Loss account, of the profit for the year 2007.

In our opinion, the group accounts have been properly prepared in accordance with the provisions of Chapter 113, the Companies Law and with all material respects, give a true and fair view of the state of affairs and profit of the Bank and its subsidiaries dealt with thereby, so far as concerns members of the Bank.

Responsible Partner

Erdal & Co.

Hüseyin Erdal FCA

Firuz Fehmi BA (Hons) FCA

Eral Erdal Bsc (Hons) ACA

Independent Auditors Authorised by the Central Bank

Nicosia, 28 March 2008

TURKISH BANK GROUP

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007

		CURRENT PERIOD YTL (31/12/2007)	PREVIOUS PERIOD YTL (31/12/ 2006)
ASSETS			
	NOTE		
I-	CASH AND CENTRAL BANK BALANCES	47,416,769	44,526,443
II-	BANK BALANCES	290,782,354	306,217,954
III-	SECURITIES PORTFOLIO	36,566,784	63,145,624
IV-	LOANS AND ADVANCES	166,354,824	190,616,892
	A. Short term	43,282,186	59,102,819
	B. Medium and long term	123,072,638	131,514,073
V-	NON-PERFORMING LOANS AND ADVANCES (NET)	0	2,664,307
	A. Gross receivable balances	1,128,663	3,991,914
	B. Specific provision	(1,128,663)	(1,327,607)
VI-	PREPAYMENTS AND ACCRUED INCOME	6,704,174	5,154,961
VII-	RESERVE DEPOSITS AT THE CENTRAL BANK	37,783,641	43,175,134
VIII-	SUNDRY RECEIVABLES	137,480	164,272
IX-	LONG TERM INVESTMENTS	141,565,429	84,725,611
	A. Equity shares	8,015,009	8,015,009
	B. Other securities	133,550,420	76,710,602
X-	FIXED ASSETS	25,285,852	24,364,588
	A. Book value	36,406,167	35,662,009
	B. Accumulated depreciation	(11,120,315)	(11,297,421)
XI-	INTANGIBLE FIXED ASSETS	521,646	1,127,500
XII-	GOODWILL ON CONSOLIDATION	4,315,211	0
XIII-	OTHER ASSETS	1,892,360	868,511
TOTAL ASSETS	II-(19)e 2	759,326,524	766,751,797
LIABILITIES			
DEPOSITS			
I-	A. Savings deposits and customer accounts	605,227,020	607,299,316
	B. Banks deposits	57,292,984	56,572,172
II-	EXPENSE ACCRUALS AND DEFERRED INCOME	3,841,832	3,795,988
III-	OTHER TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE	855,732	725,435
IV-	SUNDRY PAYABLES	614,081	625,898
V-	PROVISIONS	1,397,411	1,420,321
	A. General provision for loans	643,172	838,674
	B. Corporation and Income Tax provisions	525,477	358,498
	C. Other provisions	228,762	223,149
VI-	OTHER LIABILITIES	1,476,660	6,602,190
VII-	MINORITY INTEREST	1,482,048	1,230,846
VIII-	SHAREHOLDERS' FUNDS	87,138,756	88,479,631
	A. Share capital-paid	56,864,550	51,228,758
	B. Statutory reserves	1,730,000	1,490,000
	C. Available-for-sale gains and (losses) reserve	(960,564)	16,500
	D. Consolidation Reserve	0	81,521
	D. Revaluation reserve	8,279,694	12,637,895
	E. Profit and loss account	21,225,076	23,024,957
TOTAL LIABILITIES	II-ii-(19)e 2	759,326,524	766,751,797
COMMITMENTS AND CONTINGENT LIABILITIES			
	II-iii (5)		
	GUARANTEES AND ACCEPTANCES	15,147,106	10,769,583
	COMMITMENTS	144,518,984	139,257,750
I-	FOREIGN EXCHANGE AND INTEREST RATES OPERATIONS	100,618,571	136,486,756
II-	ASSETS HELD UNDER TRUST AND PLEDGED ASSETS	279,799,412	52,667,773
III-	TOTAL	540,084,073	339,181,862

These financial statements were approved by the board of directors and signed on behalf of the Board Directors on 28 March 2008.

M. Tanju Özyol
Chairman

Kıvanç M. Rıza
Director and Secretary

C Yenal Musannıf
General Manager and Director

TURKISH BANK GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2007

		CURRENT PERIOD YTL (31/12/2007)	PREVIOUS PERIOD YTL (31/12/2006)
I - INTEREST INCOME	I-(1)(ii)c	55,778,673	46,274,294
II - INTEREST EXPENSE		31,658,659	26,563,796
III - NET INTEREST INCOME		24,120,014	19,710,498
IV - OTHER INCOME		22,509,875	40,644,663
Commission and fee income	I-(1)(ii)c	4,571,779	3,897,892
Profits from capital market operations		564,102	1,205,002
Foreign exchange profits		15,271,993	31,777,682
Dividends received		0	1,040,336
Other non-interest income		1,090,612	1,928,894
Insurance Business income		1,011,389	794,857
V - OTHER OPERATING EXPENSES		40,414,876	54,152,756
Fees and commissions paid		370,023	317,944
Losses on capital market operations		237,137	86,764
Foreign exchange losses		13,847,474	29,670,108
Personnel expenses		13,525,614	12,244,865
Depreciation	I-(1)(ii)h	2,018,173	2,031,578
Provision for non-performing loans and advances	I-(1)(ii)e	626,414	1,008,649
Other provisions	I-(1)(ii)e	149,923	123,344
Other non-interest expenses		9,640,118	8,669,504
VI - NET OTHER INCOME		(17,905,001)	(13,508,093)
OPERATING PROFIT	III-(4)	6,215,013	6,202,405
NET MONETARY POSITION DEFICIT		0	1,609,582
VII - NET PROFIT BEFORE TAXATION		6,215,013	4,592,823
VIII- TAXATION	II-ii-(19)e 3	1,406,953	1,025,982
IX - NET PROFIT AFTER TAXATION		4,808,060	3,566,841
X- MINORITY INTERESTS	II-ii-(19)e 4	251,207	192,614
XI- PROFIT ATTRIBUTABLE TO THE BANK SHAREHOLDERS	II-ii-(19)e 5	4,556,853	3,374,227

TURKISH BANK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR 2007

		CURRENT PERIOD YTL <u>(31/12/07)</u>	PREVIOUS PERIOD YTL <u>(31/12/06)</u>
I - INTEREST INCOME	(1)	40,123,531	32,326,063
A. Interest income from loans		7,453,563	7,614,704
1) Interest income from TL loans		2,900,244	1,739,874
a - Short term		2,560,506	1,584,587
b - Medium and long term		339,738	155,287
2) Interest income from foreign currency loans		4,447,514	5,810,507
a - Short term		552,859	470,048
b - Medium and long term		3,894,655	5,340,459
3) Interest income from loans in arrears		105,805	64,323
B. Interest income from reserve deposits at the Central Bank		1,681,993	1,608,003
C. Interest income received from banks		13,939,610	17,575,132
1) TRNC Central Bank		3,034,693	1,697,837
2) Domestic banks		283,007	1,341
3) Foreign banks		10,621,910	15,875,954
4) Interest Income from Reverse Repos		0	0
D. Interest income from securities portfolio		17,048,365	5,517,494
1) TRNC Development Bank Securities		147,962	83,353
2) Other securities		16,900,403	5,434,141
E. Other interest income	(3)	0	10,730
II - INTEREST EXPENSES	(1)	21,801,930	18,656,026
A. Interest expense payable to deposits		11,919,488	8,750,220
1) Saving deposits		11,222,943	8,372,410
2) Official deposits		32,016	16,527
3) Commercial deposits		516,604	317,463
4) Other institution deposits		146,985	41,239
5) Bank deposits		940	2,581
B. Interest expense payable to foreign currency deposits		9,882,204	9,905,081
1) Saving deposits		9,677,121	9,749,407
2) Official deposits		740	1,357
3) Commercial deposits		173,072	86,356
4) Other institution deposits		18,688	10,264
5) Bank deposits		12,583	57,697
6) Gold reserve accounts		0	0
C. Repo Interest Expense		0	0
D. Interest expense payable on borrowings		0	0
1) TRNC Central Bank		0	0
2) Domestic banks		0	0
3) Foreign banks		0	0
4) Other institutions		0	0
E. Interest on debentures and securities issued		0	0
F. Other interest expense	(3)	238	725
III - NET INTEREST INCOME [I - II]		18,321,601	13,670,037
IV - OTHER INCOME	(1)	18,233,179	36,048,244
A. Fees and commissions received		1,582,081	1,430,966
1) From cash loans		288,872	263,062
2) From non-cash loans		160,806	235,830
3) Other		1,132,403	932,074
B. Profit from capital market operations		564,102	1,095,002
C. Foreign exchange profits		15,015,616	31,509,882
D. Dividends received from participations		0	1,040,336
E. Extraordinary income		0	0
F. Other non-interest income	(3)	1,071,380	972,058
V - OTHER OPERATING EXPENSES	(1)	32,280,323	46,888,761
A. Fees and commissions paid		324,063	262,944
1) On cash loans		0	0
2) On non-cash loans		0	0
3) Other		324,063	262,944
B. Loss on capital market operations		237,137	86,764
C. Foreign exchange losses		13,701,742	29,594,173
D. Personnel expenses		8,913,812	6,973,499
E. Retirement pay compensation		0	0
F. Rental expenses		356,995	268,487
G. Depreciation		1,023,451	829,988
H. Taxes and duties		59,500	34,850
I. Extraordinary expenses		0	0
J. Provision for non-performing loans and advances	(2)	626,414	1,008,649
K. Other provisions	(2)	108,559	109,594
L. Other non-interest expenses	(3)	6,928,650	7,719,813
VI - NET OTHER INCOME [IV - V]		(14,047,144)	(10,840,517)
VII - PROFIT BEFORE TAXATION [III + VI]		4,274,457	2,829,520
VIII - TAXATION		1,035,598	437,336
IX - NET PROFIT AFTER TAXATION [VII - VIII]		3,238,859	2,392,184

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2007

ASSETS	NOTE	CURRENT PERIOD (31/12/2007)			PREVIOUS PERIOD (31/12/2006)		
		YTL	FX	TOTAL	YTL	FX	TOTAL
I - CASH BALANCES		2,656,769	3,449,521	6,106,290	2,520,415	2,452,284	4,972,699
A. Cash-TL balances		2,656,769	0	2,656,769	2,520,415	0	2,520,415
B. Cash-foreign exchange		0	3,449,521	3,449,521	0	2,452,284	2,452,284
C. Other liquid assets		0	0	0	0	0	0
II - BANK BALANCES	(1)	30,915,656	152,748,988	183,664,644	68,226,015	157,048,953	225,274,968
A. TRNC Central Bank		23,142,474	17,474,061	40,616,535	15,919,515	22,552,496	38,472,011
B. Other Banks		7,773,182	135,274,927	143,048,109	52,306,500	134,496,457	186,802,957
1) Domestic Banks		0	19,407,443	19,407,443	0	97	97
2) Foreign Banks		7,773,182	115,867,484	123,640,666	52,306,500	134,496,360	186,802,860
3) Reverse Repo Receivables		0	0	0	0	0	0
III - SECURITIES PORTFOLIO	(2)	1,662,347	15,382,927	17,045,274	5,943,244	24,460,880	30,404,124
A. Treasury Bills		274,822	7,312,572	7,587,394	256,843	5,782,550	6,039,393
B. Other Bills		1,387,525	0	1,387,525	5,686,401	0	5,686,401
C. Equity shares		0	0	0	0	0	0
D. Other Securities		0	8,070,355	8,070,355	0	18,678,330	18,678,330
IV - LOANS AND ADVANCES	(3)	12,640,590	53,552,030	66,192,620	9,772,428	71,816,783	81,589,211
A. Short term		10,953,680	7,340,776	18,294,456	8,864,105	7,120,283	15,984,388
B. Medium and long term		1,686,910	46,211,254	47,898,164	908,323	64,696,500	65,604,823
V - LOANS IN ARREARS (NET)	(4)	0	0	0	0	2,664,307	2,664,307
A. Loans and other receivables with limited repayment capacity (Net)		0	0	0	0	0	0
1) Gross receivable balances		122,476	473,421	595,897	49,566	379,215	428,781
2) Specific provision		(122,476)	(473,421)	(595,897)	(49,566)	(379,215)	(428,781)
B. Doubtful debts and other receivables (Net)		0	0	0	0	2,664,307	2,664,307
1) Gross receivable balances		56,179	192,623	248,802	28,206	3,256,483	3,284,689
2) Specific provision		(56,179)	(192,623)	(248,802)	(28,206)	(592,176)	(620,382)
C. Bad debts and receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		24,174	200,042	224,216	60,304	179,640	239,944
2) Specific provision		(24,174)	(200,042)	(224,216)	(60,304)	(179,640)	(239,944)
VI - PREPAYMENTS AND ACCRUED INCOME		4,070,600	2,051,835	6,122,435	2,606,215	1,885,996	4,492,211
A. Loans and advances		0	509,534	509,534	0	892,662	892,662
B. Securities portfolio		4,054,765	1,482,956	5,537,721	1,199,240	698,172	1,897,412
C. Other		15,835	59,345	75,180	1,406,975	295,162	1,702,137
VII - FINANCIAL LEASING RECEIVABLES		0	0	0	0	0	0
A. Financial leasing receivables		0	0	0	0	0	0
B. Unearned income		0	0	0	0	0	0
VIII - RESERVE DEPOSITS AT THE CENTRAL BANK		9,859,610	27,924,031	37,783,641	8,502,812	34,672,322	43,175,134
IX - SUNDRY RECEIVABLES	(5)	122,236	15,244	137,480	161,926	2,346	164,272
X - PARTICIPATIONS (NET)	(6)	0	0	0	0	0	0
A. Financial participations		0	0	0	0	0	0
B. Other participations		0	0	0	0	0	0
XI - SUBSIDIARIES (NET)	(6)	788,010	27,246,796	28,034,806	788,010	27,246,796	28,034,806
A. Financial subsidiaries		788,010	27,246,796	28,034,806	788,010	27,246,796	28,034,806
B. Other subsidiaries		0	0	0	0	0	0
XII - LONG TERM INVESTMENTS	(7)	82,048,381	59,517,048	141,565,429	31,815,009	52,910,602	84,725,611
A. Equity shares		8,015,009	0	8,015,009	8,015,009	0	8,015,009
B. Other pledged securities		74,033,372	59,517,048	133,550,420	23,800,000	52,910,602	76,710,602
XV - FIXED ASSETS	(8)	9,382,411	0	9,382,411	8,231,072	0	8,231,072
A. Book value		15,593,395	0	15,593,395	13,576,754	0	13,576,754
B. Accumulated depreciation		(6,210,984)	0	(6,210,984)	(5,345,682)	0	(5,345,682)
XVI - OTHER ASSETS	(9)	1,337,320	481,104	1,818,424	676,477	122,884	799,361
TOTAL ASSETS	(19)	155,483,930	342,369,524	497,853,454	139,243,623	375,284,153	514,527,776

These financial statements were approved by the board of directors on 28 March 2008. Signed on behalf of the Board Directors.

M. Tanju Özyol
Chairman

Kıvanç M. Rıza
Secretary and Director

C. Yenal Musannıf
General Manager and Director

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2007

LIABILITIES	NOTE	CURRENT PERIOD (31/12/2007)			PREVIOUS PERIOD (31/12/2006)		
		YTL	FX	TOTAL	YTL	FX	TOTAL
I - DEPOSITS	(10)	116,871,759	311,482,265	428,354,024	96,865,641	343,522,841	440,388,482
A. Saving deposits		103,365,669	290,718,332	394,084,001	86,441,070	323,696,470	410,137,540
B. Official deposits		952,338	76,556	1,028,894	351,520	90,676	442,196
C. Commerical deposits		10,930,869	18,460,059	29,390,928	8,626,880	18,538,355	27,165,235
D. Other institution deposits		1,609,069	1,179,472	2,788,541	1,423,767	1,058,322	2,482,089
E. Bank deposits		13,814	1,047,846	1,061,660	22,404	139,018	161,422
F. Gold reserve accounts		0	0	0	0	0	0
II - FUNDS OBTAINED FROM REPOS	(11)	0	0	0	0	0	0
III - FUNDS BORROWED	(12)	0	0	0	0	0	0
A. TRNC Central Bank		0	0	0	0	0	0
B. Other funds borrowed		0	0	0	0	0	0
1) Domestic bank and institutions		0	0	0	0	0	0
2) Foreign bank and institutions		0	0	0	0	0	0
3) Capital loans		0	0	0	0	0	0
IV - FUNDS	(13)	0	0	0	0	0	0
V - SECURITIES ISSUED (NET)	(14)	0	0	0	0	0	0
A. Bonds		0	0	0	0	0	0
B. Asset backed securities		0	0	0	0	0	0
C. Debentures		0	0	0	0	0	0
EXPENSE ACCRUALS AND DEFERRED INCOME		1,397,806	2,092,087	3,489,893	913,930	2,433,808	3,347,738
A. Deposits		578,738	1,365,802	1,944,540	548,496	1,631,382	2,179,878
B. Borrowed funds		0	0	0	0	0	0
C. Other		819,068	726,285	1,545,353	365,434	802,426	1,167,860
VII - FINANCIAL LEASING PAYABLES (NET)		0	0	0	0	0	0
A. Financial leasing payables		0	0	0	0	0	0
B. Deferred financial leasing expenses		0	0	0	0	0	0
OTHER TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE		639,619	97,415	737,034	510,752	80,332	591,084
IX - IMPORT TRANSFER ACCOUNTS		0	0	0	0	0	0
X - SUNDRY LIABILITIES	(15)	192,766	212,415	405,181	56,515	243,779	300,294
XI - PROVISIONS		279,296	612,017	891,313	37,997	820,945	858,942
A. Retirement pay compensation		0	0	0	0	0	0
B. General provision for loans		48,091	595,081	643,172	37,997	800,677	838,674
C. Corporation and Income Tax provisions		231,205	0	231,205	0	0	0
D. Other provisions		0	16,936	16,936	0	20,268	20,268
XII - OTHER LIABILITIES	(16)	632,511	517,833	1,150,344	2,199,597	4,207,343	6,406,940
XIII - SHAREHOLDERS' FUNDS	(17)	58,594,550	0	58,594,550	58,290,985	0	58,290,985
A. Share capital paid-up		56,864,550	0	56,864,550	51,228,758	0	51,228,758
1) Nominal share capital		0	0	0	0	0	0
2) Unpaid share capital		0	0	0	0	0	0
B. Statutory reserves		1,730,000	0	1,730,000	1,490,000	0	1,490,000
1) Statutory reserves		1,730,000	0	1,730,000	1,490,000	0	1,490,000
2) Share premium		0	0	0	0	0	0
3) Other legal reserves		0	0	0	0	0	0
C. General reserves		0	0	0	0	0	0
D. Statutory revaluation fund		0	0	0	5,572,227	0	5,572,227
E. Revaluation balances	(18)	0	0	0	0	0	0
F. Loss		0	0	0	0	0	0
1) Current period loss		0	0	0	0	0	0
2) Previous period losses		0	0	0	0	0	0
XIV - PROFIT		4,231,115	0	4,231,115	4,343,311	0	4,343,311
A. Current period profit		3,238,859	0	3,238,859	2,392,184	0	2,392,184
B. Previous period profits		992,256	0	992,256	1,951,127	0	1,951,127
TOTAL LIABILITIES	(19)	182,839,422	315,014,032	497,853,454	163,218,728	351,309,048	514,527,776
COMMITMENTS AND CONTINGENT LIABILITIES	(1)						
I - GUARANTEES AND ACCEPTANCES	(2)	4,826,339	10,835,967	15,662,306	4,442,616	5,551,639	9,994,255
II - COMMITMENTS FOREIGN EXCHANGE&INTEREST RATES OPERATIONS	(4)	0	100,618,571	100,618,571	0	94,596,006	94,596,006
IV - ASSETS HELD UNDER TRUST AND PLEDGED ASSETS		5,332,130	46,159,162	51,491,292	5,128,232	47,539,541	52,667,773
TOTAL		51,938,469	157,613,700	209,552,169	37,984,348	147,687,186	185,671,534

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK:

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

Notes and disclosures in respect of current period:

(1)(i) Date of approval of the balance sheet 28 March 2008

(ii) Principal accounting policies:

a. Accounting convention:

Accounts have been prepared in New Turkish Lira (YTL) and under the historical cost convention, in accordance with Banking Law, Chapter 113, Companies Act, and Tax Law and Regulations, and generally accepted accounting standards. The financial statements have been prepared in conformity with the Uniform Chart of Accounts, uniform accounting and valuation standards and the methods of implementation of these rules that have been determined as per 39/2001 Banking Law.

b . Group consolidated accounts:

The consolidated accounts of the group comprise the accounts of the bank and its subsidiaries(Turkish Bank (UK) Limited and Turkish Insurance Limited) for the year ended 31 December 2007. All of the bank's and subsidiaries' assets and liabilities, income and expenditure as well as the contingent liabilities and commitments are fully consolidated. The book value of the investment of the bank in the subsidiaries has been netted off with part of the equity of the subsidiaries that belongs to the Bank. Unearned income and expenditure and intergroup balances have been eliminated.

c. Interest and Fee Income:

Interest income is recognised in the profit and loss account as it accrues and fee income is recognised when received.

d. Foreign currencies:

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Group assets and liabilities in foreign currencies and the results of the oversea subsidiary companies have been translated to YTL at the rates of exchange ruling at 31 December 2007. Non-performing loans and advances are translated to YTL at the exchange rates ruling on the date the account legally becomes non-performing.

Being considered as unrecoverable, full provision has been made for Bank's 'Statutory Reserve Deposit' account amounting to C£1,122,500 (1,917,905.12 Euro) held with The Central Bank of Greek Administration of Cyprus.

e. Loans, advances and non-performing loans and advances:

Loans and advances and other receivables of the bank are stated after deduction of specific provisions for non-performing loans and advances in accordance with the Decree concerning the principles and methods for provisions against loans and other assets issued under 39/2001 Banking Law. In accordance with this Decree and based on the principles of prudence, the Bank makes 100% specific provision against all non-performing loans. The bank also maintains general provision as determined by Banking regulations.

f. Taxation:

Turkish Bank Ltd. and Turkish Insurance Ltd. pay 10% corporation tax on taxable income and 15% income tax on the remaining profit after deduction of 10% corporation tax. Total tax payment is 23.5%. (2006-23.5%).

Turkish Bank (U.K) pays 30% (2006-30%) corporation tax on taxable income.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

Deferred Tax Provision

Deferred taxation is accounted for on all material timing differences between the accounting and taxation treatment of income and expense.

g. Leases:

Rents paid under operating leases are charged to income on straight line basis over the lease term.

h. Fixed assets:

(i) Fixed assets of Turkish Bank Limited and Turkish Insurance Limited have been amortised over their useful lives at 3-20% per annum using the straight line method.

(ii) Fixed assets of oversea subsidiary Turkish Bank (UK) Limited:

Freehold buildings of oversea subsidiary have been revalued by independent valuers in December 2007. Valuations were made on the basis of open market value for existing use. Remaining fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, except freehold land, on a straight line basis over their estimated useful lives. Freehold buildings are depreciated at the annual rate of 2% and the other fixed assets are depreciated at annual rates ranging from 5% to 20%.

i. Intangible fixed assets:

Intangible assets comprise of computer software programs. Annual depreciation is calculated on straight line basis over 5 years.

j. Futures, Swaps and Derivatives:

Bank's derivative operations consist of swap agreements. Swaps are recorded at cost and include operational costs. Obligations and receivables arising from swap contracts are recorded in the memorandum accounts.

Swaps are valued at market value and any surplus or deficit is recorded in "prepayments and accrued income" or "expense accruals and deferred income" accounts and written off to profit and loss account over the term of the swap deal.

(2) General Information About the Bank:

Legal Structure of the Bank:

- a) Turkish Bank Limited is a public company quoted on the TRNC Stock Exchange, registered under Companies Law Chapter 113 and regulated by 39/2001 Banking Law.
- b) The members of the board of directors, senior management and the internal auditors of the Bank are qualified persons as required in part 4 clause 15 and clause 16 of the Banking Law 39/2001. The members of the board of directors, senior management, head of internal audit department and independent external auditors are listed on page 3 of this financial report.
- c) The members of the board of directors, senior management and the internal auditors of the bank have the appropriate qualifications as required by 39/2001 Banking Law.
- d) From inspections and controls conducted, The Internal Control System of the Bank has been found reliable by the bank's administration.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

- (3) There have been no changes in the accounting policies.
- (4) **Validity of the basic accounting assumptions; going concern, accrual basis and consistency:**
These basic accounting assumptions are being fully implemented by the bank.
- (5) There have been no changes in the valuation methods applied in the year-end results of the bank.
- (6) **Valuation of Securities portfolio (Including participations, subsidiaries, long term investments) :**

Securities hold until maturiy date:

Securities that have up to one year to maturity are shown under the securities portfolio. Over one year to maturity securities are shown under long term securities in the balance sheet.

TRNC Development Bank Securities held by the bank have been shown at cost. Debt securities are shown at cost plus any unamortised premium or less any unamortised discount on their purchase.

Participations, subsidiaries and long-term investments:

The participations, subsidiaries and long-term investments of the bank are shown at values determined in 2006 as per Statutory Valuation Law.

7) The strategy of the bank regarding management of foreign exchange risk in foreign currency transactions:

Foreign currency denominated assets and liabilities together with purchase and sale commitments give rise to foreign exchange exposure. The group's foreign currency asset and liability management of price, liquidity and credit risk is performed in line with targetted maturity and currency matching limits.

8) USD and GBP Foreign exchange rates used in the preparation of the Balance Sheet and the Bid rates declared by the bank on the last five working days of the current accounting period:

	Current Period	Previous Period
US Dollar:	1.15500 YTL	1.4050 YTL
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	1.16200 YTL.	1.4050 YTL
2. Day bid rate	1.16900 YTL	1.4150 YTL
3. Day bid rate	1.17000 YTL	1.4130 YTL
4. Day bid rate	1.17500 YTL	1.4150 YTL
5. Day bid rate	1.17500 YTL	1.4170 YTL
	Current Period	Previous Period
GBP:	2.29800 YTL	2.7500 YTL
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	2.31300 YTL.	2.7500 YTL
2. Day bid rate	2.31400 YTL.	2.7600 YTL
3. Day bid rate	2.30900 YTL.	2.7620 YTL
4. Day bid rate	2.31200 YTL.	2.7620 YTL
5. Day bid rate	2.31900 YTL.	2.7650 YTL

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(9) Book value of assets and the total insurance cover

	<u>Current Period: 31/12/2007</u>		
	<u>Book Value</u>	<u>Accumulated Depreciation</u>	<u>Insurance Cover</u>
Assets:	15,593,395	6,210,984	13,154,973
Movable Property (Equipment, furniture fixtures and fittings)	7,868,275	3,552,154	6,889,500
Immovable property	7,725,120	2,658,830	6,265,473
Assets held that have to be disposed	-	-	-
	<u>Previous Period: 31/12/2006</u>		
	<u>Book Value</u>	<u>Accumulated Depreciation</u>	<u>Insurance Cover</u>
Assets:	13,576,754	5,345,682	12,846,009
Movable Property (Equipment, furniture fixtures and fittings)	6,155,668	2,944,024	7,575,414
Immovable property	7,421,086	2,401,658	5,270,595
Assets held that have to be disposed	-	-	-

(10) There are no material, contingent and conditional losses and gains the value of which could not be estimated.

(11) Material events that happened after balance sheet date affecting 2008 that need explaining:

Assets and liabilities that may materialise as a result of conditional events are only accounted for when such conditional events are likely to happen.

In January 2008 The Greek Administration Court made a court order for EUR 182,940 against the bank. Appeal of the bank has not been finalised as at 31 December 2008 and no provision has been made in the accounts against this claim.

(12) There are no material items affecting the balance sheet in a significant way that need to be explained in order to make the balance sheet more clear and understandable.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Thousand New Turkish Lira)

(13) Capital Adequacy Standard Ratio:

a)List of Risk-weighted Assets

Risk-weighted Assets, Commitments and Contingent Liabilities	Risk-weighted Assets			
	0% 186,670	20% 177,690	50% 38,592	100% 78,342
Assets (Net)				
Cash Balances	6,106	0	0	0
Balances at Central Bank	40,617	0	0	0
Interbank Funds	0	0	0	0
Bank Balances	0	137,696	0	5,352
Securities Portfolio	7,587	9,458	0	0
Reserve Deposits at Central Bank	37,784	0	0	0
Reverse Repo Receivables	0	0	0	0
Loans and Advances	9,233	0	28,147	28,813
Loans in Arrears	0	0	0	0
Prepayments and Accrued Income	4,217	470	0	1,435
Participations and Subsidiaries	0	0	0	0
Long Term Investment	81,126	26,091	0	26,373
Assets Held for Resale	0	0	0	0
Fixed Assets	0	0	0	9,382
Other Assets	0	0	0	771
Off Balance Sheet Items				
Guarantees	0	1,963	0	2,457
Documentary Credits	0	0	0	3,508
Other Liabilities and commitments	0	0	0	0
Undertakings	0	0	10,445	0
Foreignn Currency and Interest Rates Operations	0	2,012	0	0
Other Liabilities	0	0	0	251
Total Risk-Weighted Assets	0	35,538	19,296	78,342
Net Assets Under Exchange Risk	0	0	0	18,588
TOTAL	0	35,538	19,296	96,930

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Thousand New Turkish Lira)

b) Details of Capital and Reserves (Shareholders funds)

	Current Period	Previous Period
1-Tier I Capital	61,892	57,062
a. Paid-up Capital	56,865	51,229
b. Statutory Reserves	1,730	1,490
c. General Reserves	0	0
d. Profit after Tax and Retained Earnings	4,231	4,343
e. Current and Previous Years Losses	0	0
2-Tier II Capital	660	6,431
a. General Provision	643	839
b. Revaluation Fund	0	5,467
c. Inflation Adjustment Reserve	0	0
d. Participations and Subsidiaries Reserves	0	105
e. Loan Capital	0	0
f. Contingency Reserves	17	20
g. Securities Valuation Fund	0	0
3-Total Capital (1+2)	62,552	63,493
4-Capital as Determined by Capital Adequacy Ratio Regulations	62,552	63,493
5-Items to be Deducted from Capital	36,944	36,110
a. Investment in Participations and Subsidiaries	36,010	36,011
b. Intangible Assets	0	0
c. Formation Expenses	0	0
d. Prepaid Expenses	934	99
e. The Difference Between Market Value and Net Book Value of Fixed Assets Where The Market Value is Lower Than Net Book Values	0	0
f. Loan Capital Given to Other Banks Operating in TRNC	0	0
g. Goodwill	0	0
h. Other	0	0
6-Net Capital (4-5)	26,542	27,383

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Thousand New Turkish Lira)

c) Summary Details of Capital Adequacy Ratio;

	YTL%	YTL%
	Current	Previous
	Period	Period
Total Risk-Weighted Assets	151,764	147,396
Net Capital	26,542	27,383
Capital Adequacy Ratio (%)	%18	%19

(14) The opinion of the independent auditors auditing this financial report on matters that they are required to report as per Banking Law Regulations

Information given as per Article 12 of the 'Principles Relating to the Establishments Authorised to Carry Out Independent Audits of the Banks' Decree that has been prepared by the TRNC Central Bank as per Article 34(3) of the Banking Law 39/2001:

a. The legal structure of the bank:

The bank is a public company registered under Companies Law Chapter 113 and is subject to 39/2001 Banking Law. All its shares are quoted on TRNC Stock Exchange.

b. The share capital structure of the bank and disclosure of shareholders owning 10% or more are reported in notes to the accounts II (17).

c. The members of the board of directors, senior management and the chairman of internal audit committee are listed on page 3.

d. The members of the board of directors, senior management and the internal auditors of the bank have appropriate qualifications as required by 39/2001 Banking Law.

e. The bank has prepared its accounts in conformity with uniform balance sheet and profit and loss account together with uniform notes, accounting and valuation standards and the methods of implementation of these rules as stated in the 'Uniform Chart of Accounts of Banks' Decree prepared by the TRNC Central Bank.

f. There have been no changes in the accounting policies.

g. We have not received any information about any subsequent event or change after balance sheet that would affect the Bank.

h. The auditors are satisfied about the confirmation of the bank management that the internal control system is reliable.

i. The bank is in process of reducing the funds held in the oversea subsidiary and banks within the limits of regulations.

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS:

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

i) NOTES AND DISCLOSURES REGARDING ASSESTS:

(1) Bank Accounts:

a) Balances with TRNC Central Bank;

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Unpledged Current Balances	23,142,474	17,474,061	15,919,515	22,552,496
Unpledged Deposit Balances	0	0	0	0
Pledged Balances	0	0	0	0
TOTAL	23,142,474	17,474,061	15,919,515	22,552,496

b) Bank Balances with Overseas Bank;

	Unpledged Balances		Pledged Balances	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	72,162,962	94,018,099	0	0
EU Countries	51,312,819	88,861,150	0	2,750,000
USA and Canada	164,885	201,146	0	0
OECD Countries'	0	0	0	0
Offshore Zone	0	0	0	0
Other	0	972,465	0	0
TOTAL	123,640,666	184,052,860	0	2,750,000

* OECD Countries other than Turkey, EU Countries, USA and Canada.

c) Reverse Repo Receivables:

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Domestic Transactions				
TRNC Central Bank	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Corporation	0	0	0	0
Other Institutions and Corporation	0	0	0	0
Real Persons	0	0	0	0
Overseas Transactions				
Central Banks	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Corporation	0	0	0	0
Other Institutions and Corporation	0	0	0	0
Real Persons	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS(Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(2) Securities Portfolio;

- a) i- No increase in the value of the securities portfolio has been recorded.
ii- Shares have been shown at cost.
iii- 7,587,394 YTL of the securities portfolio balance is held for legal requirements.

b) Analysis of securities portfolio:

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Securities Held To Maturity:				
TRNC Development Bank Securities	274,822	7,312,572	256,843	5,782,550
Turkish Treasury Bonds	0	0	0	0
Turkish Government Securities	0	0	0	0
Other OECD Countries Bonds and Securities	1,387,525	8,070,355	5,686,401	18,678,330
Other Countries Bonds and Securities	0	0	0	0
TOTAL	1,662,347	15,382,927	5,943,244	24,460,880
FAIR VALUE	1,662,347	15,397,572	6,200,085	24,532,550

(3) Loans Details:

a) Loans given to bank personnel and shareholders:

	Current Period		Previous Period	
	Cash	Non-cash	Cash	Non-cash
Loans directly given to shareholders	5,207,189	0	10,546,007	0
Loans given to corporate body shareholders	5,197,500	0	10,537,500	0
Loans given to real persons	9,689	0	8,507	0
Indirect loans given to shareholders	156,890	27,430	3,798	3,440
Loans given to personnel	1,148,827	2,200	1,395,552	2,000

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

b) Group I and Group II loans, other receivables and restructured and/or rescheduled loans and other receivables:

Cash Loans	Standard, Performing Loans Other Receivables		Loans and Other Receivables Under Followup	
	Loans and Other Receivables	Restructured and/ or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured and/ or Rescheduled Loans and Other Receivables
Bills Discounted	1,582,655	0	0	0
Export Loans	0	0	0	0
Import Loans	0	0	0	0
Export Guarantee Investment Loans	0	0	0	0
Other Investment Loans	0	0	0	0
Business Loans	28,926,330	340,460	0	0
Special Loans	0	0	0	0
Funded Loans	0	0	0	0
Consumer Loans	12,949,071	0	0	0
Credit Cards	1,715,557	0	0	0
Loans to customers to purchase securities	0	0	0	0
TRNC Central Bank Funded Loans	0	0	0	0
Loans Given through TRNC Central Bank	0	0	0	0
Other Loans	20,678,547	0	0	0
TOTAL	65,852,160	340,460	0	0

c) Loan Classification by Users:

	Current Period	Previous Period
Public	0	99,394
Private	66,192,620	81,489,817
TOTAL	66,192,620	81,589,211

d) Loan Classification - Domestic and Overseas:

	Current Period	Previous Period
Domestic Loans	38,841,249	37,847,211
Overseas Loans	27,351,371	43,742,000
TOTAL	66,192,620	81,589,211

e) Loans Given to Participations and Subsidiaries:

	Current Period	Previous Period
Direct Loans to Participations and Subsidiaries	65,934	0
Indirect Loans to Participation and Subsidiaries	0	0
TOTAL	65,934	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

- f) The first hundred largest cash loan customers make up 70% and fifteen loan customers make up 50% of the total loan portfolio.
- g) The first hundred customers with largest off balance sheet commitments and contingent liabilities make up 98% of such liabilities and two non-cash loans customers make up 50% thereof.
- h) The first hundred largest cash and non-cash loan customers make up %8 of the total assets (including off balance sheet items) and fifteen customers make up %50 of the total cash and non-cash loan portfolio of the bank.

(4) Loans in Arrears:

a) Total Non-performing Loans - Movements In The Year:

	III. Group Loans and other receivables with limited repayment capacity	IV. Group Doubtful Debts and other receivables	V. Group Bad Debts and other receivables
Balances Brought Forward	482,781	3,284,689	239,944
Additions In the Year (+)	1,191,350	44,417	14,307
Transfer From Other Non Performing Loans(+)	0	235,885	398,670
Transfer To Other Non Performrning Loans(-)	247,689	386,866	0
Collections in the Period (-)	776,545	2,925,373	47,448
Write Offs (-)	0	3,950	381,257
Balances at the end of Period	595,897	248,802	224,216
Specific provision (-)	595,897	248,802	224,216
Net Book Value	0	0	0

b) Total Foreign Currency Non-Performing Loans - Movements In the Year:

	III. Group Loans and other receivables with limited repayment capacity	IV. Group Doubtful Debts and other receivables	V. Group Bad Debts and other receivables
Current Period:			
Balances Brought Forward	473,421	192,623	200,042
Specific Provision (-)	473,421	192,623	200,042
Net Book Value	0	0	0
Previous Period:			
Balance Brought Forward	379,215	3,256,483	179,640
Specific Provision (-)	379,215	592,176	179,640
Net Book Value	0	2,664,307	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

c) Bad Debts and Other Receivables Analysed By Types of Securities and Provisions Made:

Security Group	Loans Given	Provision
Unsecured	22,147	22,147
Group I-Cash Security	0	0
Group II-Immovable Security	97,431	97,431
Group III-Movable Security	104,638	104,638
Group IV-Other Security	0	0

d) Bad Debts and Receivables Policy of the Bank:

After giving written notice, non-performing loans are transferred to bank lawyers for legal action. Collections are followed up in accordance with judgment obtained.

(5) Details of Installment Sales balances included in Other Receivables:

	Current Period	Previous Period
Sale of participations, subsidiaries and joint ventures	0	0
Sale of immovable property	0	0
Other asset sales	0	0

(6) Details Regarding Participations, Subsidiaries:

a) Participations and Subsidiaries have all been shown at values determined in 2006 as per statutory valuation. Participation and Subsidiaries are not quoted on any stock exchange.

b) Analysis and Book Values of participations and subsidiaries by sector:

	Participations		Subsidiaries	
	Current Period	Previous period	Current Period	Previous period
Banks	0	0	27,246,796	27,246,796
Insurance Companies	0	0	788,010	788,010
Finance Companies	0	0	0	0
Other financial participations	0	0	0	0
Other non-financial participations and subsidiaries	0	0	0	0

c) Bank Share of Investment in Participations and Subsidiaries:

Title	Address	Banks share of investment and voting right if different(%)	Group Holding (%)	Current Year	Market Value
				Profit	
Turkish Bank (UK) Ltd.	84-86 Borough High Street London SE 1 1 LN UK	100	100	1,059,378	46,506,924
Turkish Insurance Ltd	182 Girne Caddesi Lefkoşa TRNC	51	97	509,823	3,007,810

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

Amounts unless expressed otherwise are expressed in New Turkish Lira

d) Participations Quoted on Stock Exchange;

	Current Period	Previous Period
Quoted on local Stock Exchange	0	0
Quoted on overseas Stock Exchange	0	0

e) Subsidiaries quoted on Stock Exchange;

	Current Period	Previous Period
Quoted on local Stock Exchange	0	0
Quoted on overseas Stock Exchange	0	0

f) Bonus shares of YTL123,268 value, were received from participations and subsidiaries in the current period;

	Current Period	Previous Period
Number of bonus shares received		
Participations	0	0
Subsidiaries	123,268	0

g) Details of receivables from and debts due to Participations and Subsidiaries;

	Financial Participations and Subsidiaries Balance	Non-Financial Participations and Subsidiaries Balance
RECEIVABLES		
-Banks and other financial institutions	35,980,522	0
-Debentures and similar securities	0	0
-Loans(including doubtful debts)	65,934	0
-Interest and income accruals	3,683	0
-Financial leasing receivables(NET)	0	0
-Other receivables	0	0
BORROWINGS		
-Deposits	654,414	0
-Borrowed Funds	0	0
-Securities Issued	2,866	0
-Interest and expense prepayments	0	0
-Financial leasing liabilities	0	0
-Other liabilities	0	0
OFF-BALANCE SHEET COMMITMENTS AND LIABILITIES	0	0

(7) Details about Long Term Investments;

Details About Long Term Investments:	Current Period	Previous Period
1- Debt securities	133,550,420	76,710,602
2- Repo related items	0	0
3- Other- Investment in share capital	8,015,009	8,015,009
4- Provision for loss in value (-)	0	0
TOTAL	141,565,429	84,725,611
FAIR VALUE	144,228,941	85,611,372

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

Amounts unless expressed otherwise are expressed in New Turkish Lira

(8) a) Details Regarding Fixed Assets Of The Bank;

	Immovable Property	Vehicles	Other Fixed Assets	Total
Balance from Brought Forward:				
Cost	7,421,086	473,284	5,682,384	13,576,754
Accumulated depreciation(-)	(2,401,658)	(368,179)	(2,575,845)	(5,345,682)
Net Book Value	5,019,428	105,105	3,106,539	8,231,072
Current Period:				
Net book value at the beginning of the year	5,019,428	105,105	3,106,539	8,231,072
Purchases	304,034	185,891	1,684,868	2,174,798
Sales and disposals- Net(-)	0	0	0	0
Diminution in value	0	0	0	0
Depreciation charge (-)	(257,171)	(60,531)	(705,748)	(1,023,450)
Net Exchange differences (-)	0	0	0	0
Closing Net Book Value	5,066,291	230,465	4,085,655	9,382,411

(b) Details Regarding Fixed Assets of the Group;

	Immovable Property	Other Fixed Assets	Total
Balance from Brought Forward:			
Cost	23,203,336	12,458,672	35,662,008
Accumulated depreciation(-)	(4,161,658)	(7,135,762)	(11,297,420)
Net Book Value	19,041,678	5,322,910	24,364,588
Current Period:			
Net book value at the beginning of the year	19,041,678	5,322,910	24,364,588
Purchases	304,034	2,384,612	2,688,646
Sales and disposals- Net(-)	0	(2,298)	(2,298)
Diminution in value	2,456,562	0	2,456,562
Depreciation charge (-)	(461,693)	(1,117,562)	(1,579,255)
Net Exchange differences (-)	(2,304,748)	(337,643)	(2,642,391)
Closing Net Book Value	19,035,833	6,250,019	25,285,852

(c) No assets has been acquired in lieu of any receivables that according to Banking Law has to be disposed of.

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(9) Details of Other Assets;

a) Other Assets do not exceed 10% of total assets of the Bank.

b) Prepaid expenses, tax and other similar transactions details:

At the year end, 592,529 YTL of taxes paid in advance have been set off against current years tax liability. Prepaid expenses are written off to Profit and Loss account in relevant periods.

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(ii) NOTES AND DISCLOSURES REGARDING LIABILITIES:

(10) Breakdown of Deposits

a) Details of Deposits Analysed By Residual Maturity

Current Period:

	On Demand	Seven Day Notice	Within One Month	Within Three Months	Within Six Months	Within One Year	Over One Year
Resident Accounts							
1) Savings Accounts	20,736,271	0	77,187,520	1,919,338	203,405	1,596,876	0
2) Official, Commercial and Other Institutions Deposits	11,587,324	0	1,809,196	40,911	391	54,325	0
3) Foreign Currency Savings	52,226,549	0	164,992,503	17,436,937	6,572,239	35,379,056	0
4) Foreign Currency Official, Commercial and Other Institutions Deposits	14,529,261	0	4,723,521	137,869	1,020	259,000	0
Non-Resident Accounts							
1) Savings Accounts	138,097	0	1,506,153	12,258	15,571	50,180	0
2) Commercial and Other Institutions	129	0	0	0	0	0	0
3) Foreign Currency Savings	2,205,016	0	3,857,662	550,234	1,469,027	6,029,109	0
4) Foreign Currency Commercial and Other Institutions	36,777	0	28,639	0	0	0	0
Banks Deposit							
Local Banks	1,045,930	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	15,730	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	102,521,084	0	254,105,194	20,097,547	8,261,653	43,368,546	0

Previous Period:

	On Demand	Seven Day Notice	Within One Month	Within Three Months	Within Six Months	Within One Year	Over One Year
Resident Accounts							
1) Savings Accounts	17,301,560	0	64,514,463	1,631,854	286,891	1,506,481	0
2) Official, Commercial and Other Institutions Deposits	8,809,600	0	1,496,686	20,337	348	31,011	0
3) Foreign Currency Savings	57,657,756	0	172,684,560	20,980,567	10,221,306	43,211,398	0
4) Foreign Currency Official Commercial and Other Institutions Deposits	17,882,098	0	1,174,983	294,419	1,174	257,499	0
Non-Resident Accounts							
1) Savings Accounts	99,950	0	1,006,062	24,603	13,786	55,420	0
2) Commercial and Other Institutions	44,184	0	0	0	0	0	0
3) Foreign Currency Savings	2,130,459	0	4,995,548	636,458	1,515,610	9,612,809	50,000
4) Foreign Currency Commercial and Other Institution	45,724	0	31,456	0	0	0	0
Banks Deposit							
Local Bank,.	137,755	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	23,667	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	104,132,753	0	245,903,758	23,588,238	12,039,115	54,674,958	50,000

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

b) Deposits That Are Covered By Saving Insurance Fund Scheme;

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Savings Accounts				
Savings Accounts	103,365,669	290,718,332	86,441,070	323,696,470
Other Eligible Accounts	143,791	67,994	122,179	37,340
TOTAL	103,509,460	290,786,326	86,563,249	323,733,810

(11) Funds Derived From Repo Transactions:

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Local Transactions	0	0	0	0
Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0
Overseas Transactions	0	0	0	0
Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0

(12) a) Details of Borrowed Funds:

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Short Term	0	0	0	0
Medium and Long Term	0	0	0	0

b)The Bank has no borrowing liability.

(13) Details of Funds.

a) Current Period

Term of Borrowing		Interest Rate Details		Currency			
Short	Medium and Long Term	Fixed-Rate	Variable	EURO	USD	YTL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

b) Previous Period

Term of Borrowing		Interest Rate Details		Currency			
Short	Medium and Long Term	Fixed-Rate	Variable	EURO	USD	YTL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

(14) Details of Securities According to Term Interest rate and Currency Type:

a) Current Period

Term of Borrowing		Interest Rate Details		Currency			
Short	Medium and Long Term	Fixed-Rate	Variable	EURO	USD	YTL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

b) Previous Period

Term of Borrowing		Interest Rate Details		Currency			
Short	Medium and Long Term	Fixed-Rate	Variable	EURO	USD	YTL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

(15) Details of Sundry Liabilities

a) Descriptions for the various debt:

	Current Period	Previous Period
Cash Securities Obtained	0	234,735

b) Cash Securities Obtained are related with loan operation.

(16) Details of Other Liabilities

Other liabilities do not exceed 10% of the total assets of the bank.

(17) Details of Shareholders' Funds

(a) Paid-up capital;

	Current Period	Previous Period
Ordinary Share Capital	56,684,550	51,228,758
Preferential, Privileged Share Capital	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(b) Whether the registered capital system is applied in the bank and if so, the ceiling of the authorised capital:

Capital System	Paid-up Capital	Ceiling of Authorised Capital
Registered Capital System	56,864,550	57,000,000

(c) Details of increase made to the authorised and paid-up capital in the current period:

Date of Increase	Value of Increase	Cash Issue	Capitalised Reserves	Capitalised Revaluation Funds
4 May 2007	5,635,792	629	168,203	5,466,960

(d) Details of capitalised revaluation fund in the current period:

Fixed Assets Revaluation	Revaluation of Participations	Profit on Sale of Immovable Property	Profit on Sale of Participations	Revaluation of Intangible Assets
5,466,960	0	0	0	0

(e) Disclosure of Institutions and persons who have 10% or more voting rights and/or share in the capital:

Name/Title	Value of Holding	Ratio of Holding	Paid-up Holding	Unpaid Holding
Tolunay Limited	20,987,926	%36.91	20,987,926	0
T. Ozyol Yatırımları Limited	20,661,837	%36.34	20,661,837	0
Ozyol Holding A.Ş.	6,971,646	%12.26	6,971,646	0

(f) No call has been made on the unissued shares of the bank since the year end to date.

(g) Privileges of the 'A' and 'B' Shares of the Bank:

Authorised share capital is made up of 20,380 of new 'A' Shares of 10 New Kuruş each and 56,997,962 new 'B' Shares of 1 YTL each. Both new 'A' and new 'B' shares carry one vote each and on other matters have equal rights.

(18) Statutory Revaluation Fund:

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Participations and Subsidiaries	0	0	105,267	0
Long Term Investments	0	0	5,466,960	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(19) The Banks Policy Regarding The Following:

- a) **Determining the sources of liquidity risk and steps taken, if any, to manage the risk; whether or not constraints have been placed on the the board of directors' limiting the usage of funds in order to meet urgent liquidity needs, and pay maturing liabilities:**

The group manages liquidity risk by maintaining sufficient cash and cash equivalents to fund existing and prospective debt requirements, and to close out market positions.

- b) **Bank's Policy on interest rate risk and whether there is harmony between assets and liabilities interest rates and whether cost of mismatching is measured:**

The group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The group manages these exposures by using natural hedges that arise from offsetting interest rate sensitive assets by matching them with interest rate sensitive liabilities.

- c) **The Bank's Policy regarding funding of short and long term liquidity needs and untapped liquid sources:**

Financial assets contain an element of risk that the counterparties may be unable to meet the terms of the Agreements. The group manages the risk by dealing with banks, entities and individuals of high credit worthiness and requesting additional security when necessary. The credit risk of the group is also diversified by continuous enlargement of the base and their dispersion across different industries.

- d) **Maturity breakdown of certain balance sheet items:**

Current Period	On Demand	Within 1-3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Unallocated	Total
Assets							
Liquid Funds (Cash, Foreign Exchange, Cash in Transit, Cheques) and TRNC Central Bank Balances	46,722,825	0	0	0	0	0	46,722,825
Bank Balances	143,048,109	0	0	0	0	0	143,048,109
Securities Portfolio	3,697,525	1,946,958	11,400,791	0	0	0	17,045,274
Loans	17,467,415	225,215	294,464	10,979,242	37,226,284	0	66,192,620
Long Term Investment	0	0	8,990,187	50,073,745	74,486,488	8,015,009	141,565,429
Other Assets	35,710,866	5,202,280	1,608,318	2,090,895	102	38,666,736	83,279,197
Total Assets	246,646,740	7,374,453	22,293,760	63,143,882	111,712,874	46,681,745	497,853,454
Liabilities							
Bank Deposits	1,061,660	0	0	0	0	0	1,061,660
Other Deposits	371,169,087	20,482,973	13,530,174	22,108,971	1,159	0	427,292,364
Funds obtained from other financial institutions	0	0	0	0	0	0	0
Securities issued	0	0	0	0	0	0	0
Sundry Liabilities	405,181	0	0	0	0	0	405,181
Other Liabilities	4,381,769	310,233	633,260	283,213	1	63,485,773	69,094,249
Total Liabilities	377,017,697	20,793,206	14,163,434	22,392,184	1,160	63,485,773	497,853,454
Net Asset Liquidity gap	(130,370,957)	(13,418,753)	8,130,326	40,751,698	11,711,714	(16,804,028)	0
Previous Period							
Total Assets	260,947,066	54,303,401	8,287,208	34,477,873	11,902,051	44,610,177	514,527,776
Total Liabilities	378,459,607	24,318,373	17,847,406	30,351,597	57,555	63,493,238	514,527,776
Net Asset Liquidity gap	(117,512,541)	29,985,028	(9,560,198)	4,126,276	111,844,496	(18,883,061)	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued): (Amounts unless expressed otherwise are expressed in New Turkish Lira)

e) Disclosure regarding other matters;

1) Tax:

i) Bank	Current Period	Previous Period
2007 Corporation and Income Tax provision	823,734	437,336
Tax and withholding tax from previous year	211,864	0
Total tax provision for the Year	1,035,598	437,336
Less: Withholding tax paid in 2007 and previous years withholding tax written off	(804,393)	(565,050)
Taxes Payable	231,205	(127,714)

ii) Group	Current Period	Previous Period
2007 Corporation and Income Tax provision	1,174,407	981,982
Previous years tax and past years deffered taxes	232,546	44,000
Total tax provision for the Year	1,406,953	1,025,982
Less: Withholding tax paid in 2007 and previous years withholding tax written off	(881,476)	(667,484)
Taxes Payable	525,477	358,498

2) Maturity breakdown of certain balance sheet items of Turkish Bank Group;

Current Period	Within 1-3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Unallocated	Total
Assets						
Liquid Funds (Cash, Foreign Exchange, Cash in Transit, Cheques) and TRNC Central Bank Balances	49,796,356	0	0	0	0	49,796,356
Bank Balances	278,043,383	5,800,152	4,538,550	0	0	288,382,085
Securities Portfolio	7,979,251	11,400,791	1,149,000	0	0	20,529,042
Loans	82,791,162	2,912,674	14,132,098	66,580,936	(62,046)	166,354,824
Long Term Investment	0	8,990,187	50,073,745	90,524,230	8,015,009	157,603,171
Other Assets	40,909,463	1,608,318	2,090,895	502	32,051,868	76,661,046
Total Assets	459,519,615	30,712,122	71,984,288	157,105,668	40,004,831	759,326,524
Liabilities						
Bank Depos	57,258,514	0	0	0	0	57,258,514
Other Depos	540,402,116	33,198,756	29,853,231	1,772,917	0	605,227,020
Funds obtained from other financial institutions	0	0	0	0	0	0
Securities issued	0	0	0	0	0	0
Sundry Liabilities	405,181	0	0	0	0	405,181
Other Liabilities	4,845,949	725,140	315,469	1	90,549,250	96,435,809
Total Liabilities	602,911,760	33,923,896	30,168,700	1,772,918	90,549,250	759,326,524
Net Asset Liquidity gap	(143,392,145)	(3,211,774)	41,815,588	155,332,755	(50,544,419)	0
Previous Period						
Total Assets	465,522,430	8,392,691	56,610,856	202,389,433	33,836,387	766,751,797
Total Liabilities	593,672,828	17,792,730	64,412,383	101,555	90,772,301	766,751,797
Net Asset Liquidity gap	(128,150,398)	(9,400,039)	(7,801,527)	202,287,878	(56,935,914)	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

3) Minority Interest;

Minority interest consists of shares with nominal value of 718,405 YTL in Turkish Insurance Ltd.

4) Group Accounts-Shareholders' Funds;

	Current Period	Previous Period
Balance Brought Forward	37,250,873	27,339,770
Exchange Differences	(4,127,661)	3,501,562
Movements in 2007		
Retained Earnings for the Year	4,556,853	3,374,227
Dividends Paid	(3,048,119)	(2,612,675)
Real estate and securities revaluation difference	1,482,210	0
Revaluation difference	0	5,566,468
Reserves Capitalised	(5,758,429)	0
Consolidated Reserve	(81,521)	81,521
Year End Balances of Reserves	30,274,206	37,250,873
Paid up Capital	56,864,550	51,228,758
Shareholders' Funds at the Year End	87,138,756	88,479,631

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

Amounts unless expressed otherwise are expressed in New Turkish Lira

(iii) OFF BALANCE SHEET LIABILITIES

(1) Details of Major Off Balance Sheet Liabilities

The Bank makes short term swap transactions with banks in Turkey, with the aim of increasing foreign exchange income without taking any foreign currency risk. Other such liabilities comprise of documentary credits and guarantees given to bank customers for transactions within TRNC, Turkey and Europe.

(2) a) Summary of off balance sheet liabilities:

	Current Period	Previous Period
Details of non-cash loans opened as security for cash loans		
Accounts with maturity of less than 1 year	0	0
Accounts with maturity of more than 1 year	0	0
Other off balance sheet liabilities	15,662,306	9,994,254
TOTAL	15,662,306	9,994,254

b) Details of off balance sheet liabilities;

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Off Balance Sheet Liabilities				
Letter of Guarantees	4,686,422	3,833,866	4,312,394	4,419,401
Acceptances	0	0	0	0
Documentary credits	139,917	7,002,101	130,222	1,132,238
Endorsements,transfers	0	0	0	0
Undertaking of Repurchasing				
Securities Sold	0	0	0	0
Other guarantees and acceptances	0	0	0	0
TOTAL	4,826,339	10,835,967	4,442,616	5,551,639

(3) Commitments;

	Current Period	Previous Period
Irrevocable commitments	41,780,000	28,413,500
Revocable commitments	0	0
TOTAL	41,780,000	28,413,500

(4) Foreign Exchange and Interest Rate Operations;

	Current Period	Previous Period
Forward FX Transactions	0	0
Currency and interest swap transactions	100,618,571	94,596,006
Currency and Interest options	0	0
FX Future Contracts	0	0
Interest future contracts	0	0
Other	0	0
TOTAL	100,618,571	94,596,006

TURKISH BANK LIMITED

III- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING PROFIT AND LOSS ACCOUNT:

Amounts unless expressed otherwise are expressed in New Turkish Lira

(1) a) Interest and commissions received from Participations and Subsidiaries:

	Current Period	Previous Period
Interest received from Subsidiaries and Participations	3,239,866	3,349,749
Commissions and fees received from Subsidiaries and Participations	0	0

b) Interest and commissions paid to Participations and Subsidiaries;

	Current Period	Previous Period
Interest paid to Subsidiaries and Participations	14,534	4,199
Commissions and fees paid to Subsidiaries and Participations	0	0

c) Interest received from reverse repo transactions;

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Interest received from reverse repos	0	0	0	0

d) Interest paid to repo transactions;

	Current Period		Previous Period	
	YTL	FX	YTL	FX
Interest paid to repo transactions	0	0	0	0

(2) Provision Charge For Non-Performing Loans and Other Receivables;

	Current Period	Previous Period
Specific provision for non-performing loans and other receivables		
For unsecured accounts	89,665	0
For other accounts	536,749	1,008,649
General Provision for loans	108,559	89,326
Provision for the diminution of value of securities	0	0
Provision for the diminution of value of participations, subsidiaries and investments to be held up to maturity	0	0
Others	0	20,268

TURKISH BANK LIMITED

III-NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING PROFIT AND LOSS ACCOUNT (continued):

/Amounts unless expressed otherwise are expressed in Millions of Turkish Lira)

- (3) There are no items of income and expense in groups which in Profit and Loss are numbered as I, II and IV that are in excess of 10% of the relevant group total.

Other non-interest expenses in group V exceeds 10% of the group V total and list of expense items that make up more than 20% of the total of 'Other Non-Interest Expenses' is given below:

Other Non-Interest Expenses:

Saving Deposits Statutory Insurance Fund Premium	4,068,132 YTL
Other expenses	2,860,518 YTL
Total	6,928,650 YTL

(4) Other issues, the disclosure of which is found to be useful:

Net profit before taxation is stated after deducting provision for doubtful accounts, depreciation for fixed assets and after charging the following payments:

Bank:	Current Period	Previous Period
Directors' emoluments	282,492	269,906
Auditors Fees	100,000	90,000
Group:		
Directors' emoluments	926,049	1,012,756
Auditors Fees	227,198	231,000

TURKISH BANK LIMITED
IV) STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 (Amounts are expressed in New Turkish Lira)

MOVEMENTS IN SHAREHOLDERS' EQUITY
PREVIOUS PERIOD

	Paid-up Share Capital	First and Second Legal Reserves	Share Premium Account	Other Legal Reserves	General Reserve	Statutory Revaluation Fund	Revaluation Fund of Assets of Participations and Subsidiaries	Statutory Revaluation of Securities	Prior Years Profits (Losses)	Current Period Net Profit/ (Loss)	Total Shareholders' Equity
Balance at 1 January 2006	51,228,758.-	1,014,000.-	-	-	-	-	-	102,927.-	286,141.-	4,753,661.-	57,385,487.-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-	-2,612,675.-	-2,612,675.-
- Transfers to reserves	-	476,000.-	-	-	-	-	-	-	1,664,986.-	-2,140,986.-	0.-
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0.-
Share Capital Increase:											
- Cash injection	-	-	-	-	-	-	-	-	-	-	0.-
- Transfers from statutory revaluation fund	-	-	-	-	-	-	-	-	-	-	0.-
- Transfers from other accounts	-	-	-	-	-	-	-	-	-	-	0.-
Profit resulting from sale of equity participations, subsidiaries and fixed assets	-	-	-	-	-	-	-	-	-	-	0.-
Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments	-	-	-	-	-	-	-	-	-	-	0.-
Increase in statutory revaluation fund in 31/12/2006	-	-	-	-	-	-	5,466,960.-	-	-	-	5,466,960.-
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0.-
Other	-	-	-	-	-	-	-	2,430.-	-	-	2,340.-
Net Profit for 2006	-	-	-	-	-	-	-	-	-	2,392,184.-	2,392,184.-
Balances 31 December 2006	51,228,758.-	1,490,000.-	-	-	-	-	5,466,960.-	105,267.-	1,951,127.-	2,392,184.-	62,634,296.-

CURRENT PERIOD

Balance at 1 January 2007	51,228,758.-	1,490,000.-	-	-	-	-	5,466,960.-	105,267.-	1,951,127.-	2,392,184.-	62,634,296.-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-3,048,119.-	-	-3,048,119.-
- Transfers to reserves	-	240,000.-	-	-	-	-	-	-	2,152,184.-	-2,392,184.-	0.-
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0.-
Share Capital Increase:											
- Cash injection	629.-	-	-	-	-	-	-	-	-	-	629.-
- Transfers from statutory revaluation fund	5,466,960.-	-	-	-	-	-	-5,466,960.-	-	-	-	0.-
- Transfers from other accounts	168,203.-	-	-	-	-	-	-	-105,267.-	-62,936.-	-	0.-
Profit resulting from sale of equity participations, subsidiaries and fixed assets	-	-	-	-	-	-	-	-	-	-	0.-
Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments	-	-	-	-	-	-	-	-	-	-	0.-
Increase in statutory revaluation fund in 31/12/2007	-	-	-	-	-	-	-	-	-	-	0.-
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0.-
Other	-	-	-	-	-	-	-	-	-	-	0.-
Net Profit for 2007	-	-	-	-	-	-	-	-	-	3,238,859.-	3,238,859.-
Balances 31 December 2007	56,864,550.-	1,730,000.-	-	-	-	-	0.-	0.-	992,256.-	3,238,859.-	62,825,655.-

V- A) STATEMENT OF CASH FLOWS

	CURRENT PERIOD YTL (31/12/2007)	PREVIOUS PERIOD YTL (31/12/2006)
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	54,113,979	43,719,632
Interest expenses and similar items	(31,532,590)	(27,439,922)
Dividends Received	0	1,040,336
Fees and commissions received	4,571,779	4,829,966
Insurance Earnings	1,011,389	794,856
Other income	846,859	3,017,945
Personnel and administration expenses	(23,818,852)	(21,450,672)
Taxes paid	(1,184,565)	(1,271,492)
Operating Profit Before Changes in Operating Assets and Liabilities	4,007,999	3,240,649
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) decrease in securities portfolio	13,358,850	(10,194,542)
Net (increase) decrease in loans and banks	38,820,327	43,977,623
Net (increase) decrease in other assets	(955,683)	2,325,235
<u>Increase (decrease) in operating liabilities:</u>		
Net increase (decrease) in deposits	(13,793,164)	86,148,677
Net increase (decrease) in funds borrowed	0	0
Net increase (decrease) in other liabilities	(5,063,683)	4,134,532
Net Cash Provided from Banking and Commercial Operations	36,374,556	129,632,174
II- Cash Flows from Investing Activities		
Cash paid for purchase of equity participations	0	0
Purchase of property and equipment	(2,688,646)	(1,822,993)
Sale of property and equipment	18,350	226,275
Purchase of Intangible Assets	(11,490)	0
Cash paid for purchase of investment securities	(56,839,818)	(68,550,001)
Sale of investment securities	6,864,126	11,423,500
Net Cash Provided from Investing Activities	(52,657,478)	(58,723,219)
III- Cash Flows from Financing Activities		
Capital increase	0	0
Dividends paid	(3,048,119)	(2,612,675)
Dividends paid to minority shareholders of a subsidiary	0	0
Net Cash Provided from Financing Activities	(3,048,119)	(2,612,675)
Effect of change in foreign currency evaluation rate of cash and cash Equivalents	(14,519,808)	11,920,962
Net increase in Cash and Cash Equivalents	(33,850,849)	80,217,242
Cash at the Beginning of the Year	171,558,348	91,341,106
Cash and Cash Equivalents at the End of the Year	137,707,499	171,558,348

TURKISH BANK LIMITED

V- B) STATEMENT OF CASH FLOWS	CURRENT PERIOD YTL <u>(31/12/2007)</u>	PREVIOUS PERIOD YTL <u>(31/12/2006)</u>
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	38,493,307	29,834,651
Interest expenses and similar items	(21,659,775)	(18,715,402)
Dividend income	0	1,040,336
Fees and commissions received	1,582,081	1,430,926
Other income	604,968	2,765,593
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(16,820,157)	(14,031,936)
Taxes paid	(804,393)	(892,952)
Other Collection items	0	0
Other Paid items	0	0
Operating Profit Before Changes in Operating Assets and Liabilities	1,396,031	1,431,216
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Operating Assets:		
Net (increase) decrease in securities portfolio	13,358,850	(10,194,772)
Net (increase) decrease in banks	49,146,341	(12,625,072)
Net (increase) decrease in loans	18,281,090	1,747,531
Net (increase) decrease in other assets	(992,271)	2,719,738
Increase (decrease) in operating liabilities:		
Net increase in deposits	(12,034,458)	74,070,677
Net (decrease) in funds borrowed	0	0
Net increase (decrease) in securities issued	0	0
Net increase in other liabilities	(5,005,759)	4,229,816
Net Cash Provided from Banking and Commercial Operations	64,149,824	61,379,134
II- Cash Flows from Investing Activities		
Cash paid for purchase of equity participations	0	0
Cash obtained from sale of equity participations	0	0
Purchase of property and equipment	(2,174,789)	(1,278,271)
Sale of property and equipment	18,350	207,023
Cash paid for purchase of long term investment securities	(56,839,819)	(50,837,021)
Cash obtained from sale of long term investment securities	0	0
Other cash inflows	0	0
Other cash outflows	0	0
Net Cash (used in) Investing Activities	(58,996,258)	(51,908,269)
III- Cash Flows from Financing Activities		
Cash obtained from funds borrowed and securities issued	0	0
Cash used for repayment of funds borrowed and securities issued	0	0
Capital increase	0	0
Dividends paid	(3,048,119)	(2,612,675)
Other cash inflows	629	0
Other cash outflows	0	0
Net Cash (used in) Financing Activities	(3,047,490)	(2,612,675)
Effect of change in foreign currency evaluation rate of cash and cash equivalents	1,172,039	1,915,709
Net increase in Cash and Cash Equivalents	3,278,115	8,773,899
Cash at the Beginning of Year	43,444,710	34,670,811
Cash and Cash Equivalents at the End of Year	46,722,825	43,444,710

TURKISH BANK LIMITED

VI- PROFIT APPROPRIATION TABLE

	CURRENT PERIOD	PREVIOUS PERIOD
	YTL	YTL
	<u>31/12/2007</u>	<u>31/12/2006</u>
A. APPROPRIATION OF CURRENT YEAR INCOME		
1. CURRENT YEAR INCOME	4,274,457	2,829,520
2. TAXES AND DUTIES PAYABLE (-)	(1,035,598)	(437,336)
- Corporation tax	(350,525)	(126,346)
- Income tax	(473,209)	(310,990)
- Other taxes and duties	(211,864)	-
NET INCOME FOR THE YEAR	3,238,859	2,392,184
3. PRIOR YEARS' LOSSES (-)	-	-
4. LEGAL RESERVES (-)	(240,000)	(476,000)
5. OTHER STATUTORY RESERVES (-)	-	-
NET INCOME AVAILABLE FOR DISTRIBUTION	2,998,859	1,916,184
6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	-	-
- To owners of privileged shares	-	-
7. DIVIDENDS TO PERSONNEL(-)	-	-
8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	-	-
- To owners of privileged shares	-	-
10. STATUTORY RESERVES (Allocated according to "Memorandum and Articles of Association" of the Bank)	-	-
11. GENERAL RESERVE (Retained Profits)	4,343,311	5,039,802
12. OTHER RESERVES (Allocated by the decision of General Assembly)	-	-
13. SPECIAL FUNDS (Allocated as per certain regulations)	-	-
B. DISTRIBUTION OF RESERVES		
1. DISTRIBUTION OF RESERVES (Allocated in prior years and distributed in the current year)	(3,048,119)	(2,612,675)
2. DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	(62,936)	-
- To owners of privileged shares	-	-
3. DIVIDENDS TO PERSONNEL (-)	-	-
4. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
C. NET PROFIT TRANSFERRED TO 2008	4,231,115	4,343,311
D. EARNINGS PER SHARE		
1. TO OWNERS OF 'A' SHARES (YTL, %)	0,0075YTL (%7.5)	0,005YTL (%5)
2. TO OWNERS OF 'B' SHARES (YTL, %)	0,075YTL (%7.5)	0,05YTL (%5)
E. DIVIDEND PER SHARE		
1. TO OWNERS OF 'A' SHARES (YTL, %)	0,007YTL (%7)	0,006YTL (%6)
2. TO OWNERS OF 'B' SHARES (YTL, %)	0,07YTL (%7)	0,06YTL (%6)

TURKISH BANK LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
General Management	92 Girne Cad. Lefkoşa e-mail: info@turkishbank.com www.turkishbank.net	(392) 228 33 13	(392) 228 24 32
Lefkoşa/Main Branch	92 Girne Cad. Lefkoşa Telex: 57349 TBKB TK	(392) 228 33 13	(392) 228 24 33
Lefkoşa/Köşklüçiftlik	Mehmet Akif Cad.Çığır Apt.No2	(392) 227 21 15	(392) 228 65 54
Lefkoşa/Kaymaklı	Kemal Aşık Caddesi No:66	(392) 227 73 80	(392) 228 56 95
Lefkoşa/Taşkinköy	Şehit Kemal Ünal Sok. No:104A	(392) 225 69 03	(392) 225 33 95
Lefkoşa/Market	Belediye Pazarı, Lefkoşa.	(392) 229 11 67	(392) 228 37 17
Gönyeli	Atatürk Cad., Belediye Karşısı	(392) 223 17 68	(392) 223 43 32
Ortaköy	Şht. Gzt. Hasan Tahsin Caddesi, 16/A Blok No:43, Ortaköy-Lefkoşa.	(392) 227 04 39 (392) 227 11 76 (392) 227 12 71	(392) 227 4798
Gazimağusa/Main Branch	24 Limanyolu Mağosa Telex: 57584 TRMA TK	(392) 366 90 85 (392) 366 53 27	(392) 366 39 98 (392) 366 45 10
Gazimağusa/Salamis Yolu	Yeni İzmir Caddesi, İsmet İnönü Bulvarı No:2-3, Gazi Mağusa	(392) 365 53 67 (392) 365 53 68	(392) 365 53 69
Gazimağusa/Terminal	Gazi Mustafa Kemal Bulvarı, 28D Dumlupınar-Gazi Mağusa.	(392) 366 72 69 (392) 366 70 71	(392) 366 72 68
Girne/Main Branch	Ziya Rızkî Cad., Poltan Palas Apt.8-9-10	(392) 815 13 60	(392) 815 13 63
Girne/Market	Ramadan Cemil Meydanı No:1	(392) 815 21 01	(392) 815 91 00
Girne/Karaoğlanoğlu	Karaoğlanoğlu Cad., Karaoğlanoğlu-Girne.	(392) 822 38 90	(392) 822 38 91
Girne/Karakum	Hız. Ömer Cad. Ozanköy Kavşağı Ozanköy-Girne.	(0542) 851 90 06 (0542) 851 00 97 (0542) 852 02 11 (392) 815 47 13 (392) 815 44 85	(392) 815 59 43
Girne/Alsancak	206 Karaoğlanoğlu Caddesi Alsancak-Girne.	(392) 821 33 98 (392) 821 33 99 (392) 821 34 00	(392) 821 89 02
Güzelyurt	Ecevit Cad., Piyale Paşa Mahallesi No.3-4 Güzelyurt	(392) 714 21 98	(392) 714 54 54
Gemikonağı	Ecevit Cad., No:42	(392) 727 73 52	(392) 727 83 25
Lefke	19 Mayıs Cad.	(392) 728 75 45	(392) 728 82 51

TURKISH BANK (UK) LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
Main	84-86 Borough High Str. London SE1 1LN SWIFT CODE: TUBA GB 2L.	(44-20)7403 5656	(44-20)7407 7406
Harringay	577 Green Lanes, Harringay London N8ORG	(44-20)8348 9600	(44-20)8348 6375
Palmers Green	391 Green Lanes, London N13 4JG	(44-20)8447 6870	(44-20)8920 6830
Edmonton	Unit 2A, 92-94 Fore St., Edmonton, N18 2XA	(44-20)8887 8080	(44-20)8807 0701
Dalston	121 Kingsland High Str. Dalston London E8 2PB	(44-20)7923 3339	(44-20)7923 3454

TURKISH INSURANCE LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
Merkez	182, Girne Cad. Lefkoşa	(392) 227 90 11	(392) 227 90 01