
**2009
ANNUAL REPORT**

 **TURKISH BANK LTD.**

INDEX

A-	(i)	BOARD OF DIRECTORS, SENIOR MANAGEMENT, AUDIT COMMITTEE AND EXTERNAL AUDITORS	3
	(ii)	SUBSIDIARY COMPANIES	4
	(iii)	NOTICE OF ANNUAL GENERAL MEETING	5
	(iv)	DIRECTORS' REPORT	6
	(v)	DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS	7
	(vi)	INDEPENDENT AUDITORS' REPORT	8
B-	ACCOUNTS		
		PROFIT AND LOSS ACCOUNT OF TURKISH BANK LTD.	9
		BALANCE SHEET OF TURKISH BANK LTD.	10
		CONSOLIDATED BALANCE SHEET OF TURKISH BANK GROUP	12
		CONSOLIDATED PROFIT AND LOSS ACCOUNT OF TURKISH BANK GROUP	13
		NOTES TO THE ACCOUNTS	
		I- ACCOUNTING POLICES AND FINANCIAL STRUCTURE OF THE BANK	14
		II- NOTES REGARDING BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES	
		i- NOTES REGARDING ASSETS	21
		ii- NOTES REGARDING LIABILITES	29
		iii- NOTES REGARDING OFF BALANCE SHEET ASSETS AND LIABILITIES	36
		III- NOTES REGARDING PROFIT AND LOSS	37
		ADDITIONAL FINANCIAL TABLES	
		IV- STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK	39
		V- STATEMENT OF CASH FLOWS OF THE GROUP AND THE BANK .	40
		VI- PROFIT APPROPRIATION TABLE OFTHE BANK .	42
		BRANCHES	43
		SUBSIDIARIES	44

TURKISH BANK LIMITED

BOARD OF DIRECTORS

M. Tanju Ozyol	Chairman
İ. Hakan Börteçene	Vice-Chairman
C. Yenil Musannif, FCA	Executive Director
Kıvanç M. Rıza	Director and Secretary
M.A. Yunus Rahmiođlu	Director and General Manager
Ender Par	Director and Head of Internal Control Systems
Nafi Türkođlu	Director
Erman Yerdelen	Director
Metin Münir	Director

SENIOR MANAGEMENT

M. A. Yunus Rahmiođlu	General Manager and Director
Erhan Raif, ACCA	Asst. General Manager – Finance & IT
Çiđdem Eyyam	Head of Branch Coordination
Sezin Özatay	Head of Credits Department
Nevin Özkan	Head of Retail and Commercial Banking
Mustafa Kayahan	Head of Financial Affairs
Mehmet Salih Havalı	Head of Central Operations Department
Dinç Erkman	Head of Treasury

INTERNAL CONTROL SYSTEMS

Mustafa Biçerciođlu	Head of Internal Audit
M. Mine Bařkaya	Head of Risk Management
Buđrahan S. Alkaç	Head of Internal Control and Compliance

AUDITORS

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

BOARD OF DIRECTORS

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

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 Monday 31 May 2010 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, 2009 together with Profit and Loss Account of the Bank and of the Group for the year 2009 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:

M. Tanju Özyol
Nafi Türkoğlu
Kıvanç M. Rıza

- 4) To authorise the Board of Directors to fix the remuneration of Erdal & Co., our external auditors.

Every shareholder entitled to attend and vote at the meeting or 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, 26 April 2010.

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 2009.

In line with the group strategy, our migration to the T24 Banking Software platform was successfully completed, raising our IT infrastructure to international standards. In December, our Onder Shopping Center Branch was opened bringing total branches to 19. The bank closed the year with a TL 1.5 million net profit after making a provision for bad and doubtful debts totaling TL 5.7 million as a result of the global banking crisis and receiving a dividend of TL 4.8 million from its subsidiary Turkish Bank (UK) Limited.

All administrative and other expenses have been deducted and necessary provision for doubtful accounts in accordance with the requirements of the Central Bank directive issued under 39/2001 Banking Law was made in the accounts. After making provision for corporation and income tax aggregating TL.243,512, the Board of Directors recommend that the total profits, including previous years profits, of TL 5,683,506 of the bank to be appropriated as follows:

Transfer to Statutory Reserve	TL. 155,000.-
Transfer to Retained Earnings	TL.5,528,506.-

Approved by the Board of Directors and signed on 26 April 2010.

Kıvanç M. Rıza
Secretary

Nicosia, 26 April 2010.

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 prepared by the 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 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.

Signed on behalf of the Board of Directors,

M. Tanju ÖZYOL
Chairman

Kıvanç M. RİZA
Director and Secretary

M.A.Yunus RAHMİOĞLU
General Manager and Director

Nicosia, 26 April 2010.

INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD 1 JANUARY 2009-31 DECEMBER 2009

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 approved auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessment of the accounting estimates made by the board of directors and the overall presentation of the financial statements. We believe that our audit provides a 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 and as explained in note I-(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 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 said accounts have been properly prepared in accordance with the provisions of Chapter 113, the Companies Law in the manner authorised for banking companies, so as to give a true and fair view of the state of affairs as at 31 December 2009 and the profit for the year 2009 of the bank and so far as concerns members of the bank, the group.

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, 26 April 2010.

TURKISH BANK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR 2009

		CURRENT PERIOD TL (31/12/09)	PREVIOUS PERIOD TL (31/12/08)
I - INTEREST INCOME	(1)	34,036,344	42,476,814
A. Interest income from loans		11,522,018	9,445,223
1) Interest income from TL loans		6,032,173	4,261,226
a - Short term		3,418,801	3,290,455
b - Medium and long term		2,613,372	970,771
2) Interest income from foreign currency loans		5,361,351	5,028,988
a - Short term		821,472	944,555
b - Medium and long term		4,539,879	4,084,433
3) Interest income from loans in arrears		128,494	155,009
B. Interest income from reserve deposits at the Central Bank		781,888	1,661,947
C. Interest income received from banks		4,748,557	11,317,779
1) TRNC Central Bank		1,265,301	2,082,107
2) Domestic banks		0	956,341
3) Foreign banks		3,483,256	8,279,331
4) Interest Income from Reverse Repos		0	0
D. Interest income from securities portfolio		16,980,899	20,051,865
1) TRNC Development Bank Securities		170,778	201,678
2) Other securities		16,810,121	19,850,187
E. Other interest income	(3)	2,982	0
II - INTEREST EXPENSES	(1)	17,388,348	23,588,308
A. Interest expense payable to deposits		9,678,994	14,258,120
1) Saving deposits		9,023,410	13,256,450
2) Official deposits		10,778	39,442
3) Commercial deposits		494,443	765,213
4) Other institution deposits		150,090	195,486
5) Bank deposits		273	1,529
B. Interest expense payable to foreign currency deposits		7,709,354	9,330,188
1) Saving deposits		7,393,633	9,090,250
2) Official deposits		35	898
3) Commercial deposits		297,355	215,588
4) Other institution deposits		18,234	23,284
5) Bank deposits		97	168
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)	0	0
III - NET INTEREST INCOME [I - II]		16,647,996	18,888,506
IV - OTHER INCOME	(1)	132,241,903	36,073,811
A. Fees and commissions received		2,455,258	2,161,563
1) From cash loans		201,989	365,977
2) From non-cash loans		104,027	119,852
3) Other		2,149,242	1,675,734
B. Profit from capital market operations		700,501	553,681
C. Foreign exchange profits		122,903,852	32,650,207
D. Dividends received from subsidiaries and participations		4,776,000	0
E. Extraordinary income		0	0
F. Other non-interest income	(3)	1,406,292	708,360
V - OTHER OPERATING EXPENSES	(1)	147,099,156	53,799,818
A. Fees and commissions paid		530,994	479,520
1) On cash loans		0	0
2) On non-cash loans		0	0
3) Other		530,994	479,520
B. Loss on capital market operations		301,204	223,660
C. Foreign exchange losses		121,057,622	30,988,084
D. Personnel expenses		10,828,583	10,864,124
E. Retirement pay compensation		0	0
F. Rental expenses		480,806	480,007
G. Depreciation		1,219,070	1,126,354
H. Taxes and duties		65,894	62,765
I. Extraordinary expenses		0	0
J. Provision for doubtful debts	(2)	5,720,060	852,395
K. Other provisions	(2)	322,256	1,972,753
L. Other non-interest expenses	(3)	6,572,667	6,750,156
VI - NET OTHER INCOME [IV - V]		(14,857,253)	(17,726,007)
VII - PROFIT BEFORE TAXATION [III + VI]		1,790,743	1,162,499
VIII - TAXATION		243,512	900,339
IX - NET PROFIT AFTER TAXATION [VII - VIII]		1,547,231	262,160

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2009

ASSETS	NOTE	CURRENT PERIOD (31/12/2009)			PREVIOUS PERIOD (31/12/2008)		
		TL	FX	TOTAL	TL	FX	TOTAL
I- CASH BALANCES		3,480,816	2,840,976	6,321,792	2,615,972	2,840,644	5,456,616
A. Cash-TL balances		3,480,816	0	3,480,816	2,615,972	0	2,615,972
B. Cash-foreign exchange		0	2,840,976	2,840,976	0	2,840,644	2,840,644
C. Other liquid assets		0	0	0	0	0	0
II - BANK BALANCES	(1)	21,881,807	122,503,095	144,384,902	41,426,155	118,534,408	159,960,563
A. TRNC Central Bank		12,861,867	39,460,642	52,322,509	10,498,915	24,887,349	35,386,264
B. Other Banks		9,019,940	83,042,453	92,062,393	30,927,240	93,647,059	124,574,299
1) Domestic Banks		0	0	0	0	0	0
2) Foreign Banks		9,019,940	83,042,453	92,062,393	30,927,240	93,647,059	124,574,299
3) Reverse Repo Receivables		0	0	0	0	0	0
III - SECURITIES PORTFOLIO	(2)	83,323,913	31,519,955	114,843,868	42,672,357	8,248,301	50,920,658
A. Treasury Bills		307,801	8,443,504	8,751,305	307,802	8,248,301	8,556,103
B. Other Bills		83,016,112	23,076,451	106,092,563	42,364,555	0	42,364,555
C. Equity shares		0	0	0	0	0	0
D. Other Securities		0	0	0	0	0	0
IV - LOANS AND ADVANCES	(3)	23,523,363	52,499,664	76,023,027	21,770,049	60,698,305	82,468,354
A. Short term		12,412,673	6,841,849	19,254,522	14,961,816	10,251,988	25,213,804
B. Medium and long term		11,110,690	45,657,815	56,768,505	6,808,233	50,446,317	57,254,550
V - LOANS IN ARREARS (NET)	(4)	0	4,554,533	4,554,533	0	0	0
A. Loans and other receivables with limited repayment capacity (Net)		0	4,554,533	4,554,533	0	0	0
1) Gross receivable balances		251,042	9,832,880	10,083,922	219,111	434,656	653,767
2) Specific provision		(251,042)	(5,278,347)	(5,529,389)	(219,111)	(434,656)	(653,767)
B. Doubtful debts and other receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		238,962	95,809	334,771	91,229	252,627	343,856
2) Specific provision		(238,962)	(95,809)	(334,771)	(91,229)	(252,627)	(343,856)
C. Bad debts and receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		202,533	379,997	582,530	73,817	265,574	339,391
2) Specific provision		(202,533)	(379,997)	(582,530)	(73,817)	(265,574)	(339,391)
VI - PREPAYMENTS AND ACCRUED INCOME		5,014,868	3,245,047	8,259,915	4,005,569	2,142,155	6,147,724
A. Loans and advances		34,914	442,867	477,781	20,380	310,107	330,487
B. Securities portfolio		4,620,658	2,764,849	7,385,507	1,452,992	114,846	1,567,838
C. Other		359,296	37,331	396,627	2,532,197	1,717,202	4,249,399
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		11,840,986	24,266,361	36,107,347	11,979,410	25,975,146	37,954,556
IX- SUNDRY RECEIVABLES	(5)	152,195	1,056,568	1,208,763	228,115	30,923	259,038
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)	45,196,618	47,946,202	93,142,820	33,779,531	73,518,056	107,297,587
A. Equity shares		41,762	0	41,762	41,259	0	41,259
B. Other pledged securities		45,154,856	47,946,202	93,101,058	33,738,272	73,518,056	107,256,328
XIII - FIXED ASSETS	(8)	9,823,030	0	9,823,030	10,590,640	0	10,590,640
A. Book value		17,493,218	0	17,493,218	17,836,603	0	17,836,603
B. Accumulated depreciation		(7,670,188)	0	(7,670,188)	(7,245,963)	0	(7,245,963)
XIV- OTHER ASSETS	(9)	487,989	155,330	643,319	1,015,610	462,294	1,477,904
TOTAL ASSETS	(19)	205,513,595	317,834,527	523,348,122	170,871,418	319,697,028	490,568,446

These financial statements were approved by the board of directors and signed on behalf of the Board of Directors on 26 April 2010.

M. Tanju Özyöl
Chairman

Kıvanç M. Rıza
Secretary and Director

M.A.Yunus Rahmioglu
General Manager and Director

LIABILITIES	NOTE	CURRENT PERIOD (31/12/2009)			PREVIOUS PERIOD (31/12/2008)		
		TL	FX	TOTAL	TL	FX	TOTAL
I - DEPOSITS	(10)	152,008,230	298,279,825	450,288,055	126,660,308	287,483,760	414,144,068
A. Saving deposits		135,991,331	274,074,969	410,066,300	115,313,453	269,434,025	384,747,478
B. Official deposits		595,120	114,334	709,454	671,336	79,245	750,581
C. Commerical deposits		13,311,209	22,262,719	35,573,928	8,539,346	16,744,721	25,284,067
D. Other institution deposits		2,091,670	1,730,126	3,821,796	2,112,269	1,176,469	3,288,738
E. Bank deposits		18,900	97,677	116,577	23,904	49,300	73,204
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		785,062	1,594,374	2,379,436	3,131,421	1,871,207	5,002,628
A. Deposits		292,805	973,045	1,265,850	716,505	1,186,361	1,902,866
B. Borrowed funds		0	0	0	0	0	0
C. Other		492,257	621,329	1,113,586	2,414,916	684,846	3,099,762
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		673,246	48,018	721,264	824,268	101,484	925,752
IX - IMPORT TRANSFER ACCOUNTS		0	0	0	0	0	0
X - SUNDRY LIABILITIES	(15)	64,122	130,226	194,348	89,302	115,975	205,277
XI - PROVISIONS		272,539	2,051,588	2,324,127	496,650	2,188,687	2,685,337
A. Retirement pay compensation		0	0	0	0	0	0
B. General provision for loans		272,539	2,033,988	2,306,527	496,650	2,172,547	2,669,197
C. Corporation and Income Tax provisions		0	0	0	0	0	0
D. Other provisions		0	17,600	17,600	0	16,140	16,140
XII - OTHER LIABILITIES	(16)	1,830,976	974,810	2,805,786	1,814,271	2,703,238	4,517,509
XIII - SHAREHOLDERS' FUNDS	(17)	58,951,600	0	58,951,600	58,924,600	0	58,924,600
A. Share capital paid-up		56,864,600	0	56,864,600	56,864,600	0	56,864,600
1) Nominal share capital		0	0	0	0	0	0
2) Unpaid share capital		0	0	0	0	0	0
B. Statutory reserves		2,087,000	0	2,087,000	2,060,000	0	2,060,000
1) Statutory reserves		2,087,000	0	2,087,000	2,060,000	0	2,060,000
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	0	0	0
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		5,683,506	0	5,683,506	4,163,275	0	4,163,275
A. Current period profit		1,547,231	0	1,547,231	262,160	0	262,160
B. Previous period profits		4,136,275	0	4,136,275	3,901,115	0	3,901,115
TOTAL LIABILITIES	(19)	220,269,281	303,078,841	523,348,122	196,104,095	294,464,351	490,568,446
COMMITMENTS AND CONTINGENT LIABILITIES	(1)						
I - GUARANTEES AND ACCEPTANCES	(2)	2,402,996	5,382,674	7,785,670	2,553,458	5,477,561	8,031,019
II - COMMITMENTS	(3)	91,581,691	394,705,415	486,287,106	44,569,000	0	44,569,000
III - FOREIGN EXCHANGE&INTEREST RATES OPERATIONS	(4)	10,814,500	135,637,995	146,452,495	0	119,754,711	119,754,711
IV - ASSETS HELD UNDER TRUST AND PLEDGED ASSETS		5,046,464	69,587,789	74,634,253	7,850,753	67,187,699	75,038,452
TOTAL		109,845,651	605,313,873	715,159,524	54,973,211	192,419,971	247,393,182

TURKISH BANK GROUP
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009

		CURRENT PERIOD TL	PREVIOUS PERIOD TL
		(31/12/2009)	(31/12/2008)
ASSETS			
I-	CASH BALANCES	59,542,627	41,697,682
II-	BANK BALANCES	174,582,211	204,140,422
III-	SECURITIES PORTFOLIO	119,149,432	55,340,078
IV-	LOANS AND ADVANCES	217,102,550	211,030,700
	A. Short term	65,348,957	76,348,700
	B. Medium and long term	151,753,593	134,682,000
V-	LOANS AND OTHER RECEIVABLES WITH LIMITED REPAYMENT CAPACITY (NET)	4,554,533	0
	A. Gross receivable balances	11,130,175	1,415,854
	B. Specific provision	(6,575,642)	(1,415,854)
VI-	PREPAYMENTS AND ACCRUED INCOME	8,911,676	6,687,161
VII-	RESERVE DEPOSITS AT THE CENTRAL BANK	36,107,347	37,954,556
VIII-	SUNDRY RECEIVABLES	1,208,763	259,038
IX-	LONG TERM INVESTMENTS	109,787,180	118,451,257
	A. Equity shares	41,762	41,259
	B. Other pledged securities	109,745,418	118,409,998
X-	FIXED ASSETS	28,072,862	26,711,196
	A. Book value	41,769,978	38,907,148
	B. Accumulated depreciation	(13,697,116)	(12,195,952)
XI-	INTANGIBLE FIXED ASSETS	327,156	162,060
XII-	GOODWILL ON CONSOLIDATION	3,415,211	5,395,211
XIII-	OTHER ASSETS	655,659	2,660,904
	TOTAL ASSETS	763,417,204	710,490,265
LIABILITIES			
	DEPOSITS	659,274,797	609,106,519
I-	A. Savings deposits and customer accounts	653,108,494	595,599,242
	B. Banks deposits	6,166,303	13,507,277
II-	EXPENSE ACCRUALS AND DEFERRED INCOME	3,188,802	5,382,233
III-	OTHER TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE	840,855	1,034,631
IV-	SUNDRY PAYABLES	425,369	477,654
V-	PROVISIONS	3,230,802	3,137,649
	A. General provision for loans	2,306,527	2,669,197
	B. Corporation and Income Tax provisions	648,385	215,133
	C. Other provisions	275,890	253,319
VI-	OTHER LIABILITIES	3,285,774	5,507,389
VII-	MINORITY INTEREST	10,319,440	1,857,890
VIII-	SHAREHOLDERS' FUNDS	82,851,365	83,986,300
	A. Share capital-paid	56,864,600	56,864,600
	B. Statutory reserves	25,986,765	27,121,700
	TOTAL LIABILITIES	763,417,204	710,490,265
COMMITMENTS AND CONTINGENT LIABILITIES			
I-	GUARANTEES AND ACCEPTANCES	7,785,670	8,031,019
II-	COMMITMENTS	609,718,050	160,049,890
III-	FOREIGN EXCHANGE AND INTEREST RATES OPERATIONS	146,452,495	119,754,711
IV-	ASSETS HELD UNDER TRUST AND PLEDGED ASSETS	462,806,325	463,210,524
	TOTAL	1,226,762,540	751,046,144

These financial statements were approved by the board of directors and signed on behalf of the Board of Directors on 26 April 2010.

M. Tanju Özyol
Chairman

Kıvanç M. Rıza
Director and Secretary

M.A.Yunus Rahmioglu
General Manager and Director

	NOTE	CURRENT PERIOD	PREVIOUS PERIOD
		TL (31/12/2009)	TL (31/12/2008)
I - INTEREST INCOME	I-(1)(ii)c	44,514,780	54,434,695
II - INTEREST EXPENSE		22,188,630	29,770,957
III - NET INTEREST INCOME		22,326,150	24,663,738
IV - OTHER INCOME		138,033,076	40,620,570
Commission and fee income	I-(1)(ii)c	5,394,886	4,910,013
Profits from capital market operations	III-(4)	6,496,177	553,681
Foreign exchange profits		123,478,641	33,379,572
Dividend income		1,434,948	730,348
Other non-interest income		1,228,424	1,046,956
V - OTHER OPERATING EXPENSES		157,753,610	61,802,836
Fees and commissions paid		593,082	527,700
Loss on capital market operations		301,204	223,660
Foreign exchange losses		121,257,774	31,220,421
Personnel expenses		15,367,881	15,150,931
Depreciation	I-(1)(ii)h	2,171,083	2,190,727
Provision for doubtful debts	I-(1)(ii)e	7,902,692	852,395
Other provisions		322,256	2,014,363
Other non-interest expenses		9,837,638	9,622,639
VI - NET OTHER INCOME		(19,720,834)	(21,182,266)
VII - NET PROFIT BEFORE TAXATION	III-(4)	2,605,616	3,481,472
VIII- TAXATION	II-ii-(19)e 3	314,843	196,461
IX - NET PROFIT AFTER TAXATION		2,290,773	3,285,011
X- MINORITY INTERESTS	II-ii-(19)e 4	1,150,688	375,843
XI- PROFIT ATTRIBUTABLE TO THE BANK SHAREHOLDERS	II-ii-(19)e 5	1,140,085	2,909,168

These financial statements were approved by the board of directors and signed on behalf of the Board Directors on 26 April 2010.

M. Tanju Özyol
Chairman

Kıvanç M. Rıza
Director and Secretary

M.A.Yunus Rahmioglu
General Manager and Director

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are expressed in Turkish Lira)

Notes and disclosures in respect of current period:

(1) (i) Date of approval of the balance sheet is 26 April 2010.

(ii) Principal accounting policies:

a. Accounting convention:

Accounts have been prepared in Turkish Lira 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 2009. 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 at the rates of exchange ruling at 31 December 2009. The follow up claims taken under the framework legislation have been translated at the date they were classified as past due.

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 Cyprus.

e. Loans, advances and doubtful debts:

Loans and advances and other receivables are stated after deduction of specific provisions for bad and doubtful debts 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 has made 100% specific provision against doubtful debts. The bank also maintains general provision as determined by banking regulations. In accordance with said Decree, for 2009, taking into consideration its fair value, a special provision of TL4.9 million has been made for a security that has been classified as past due.

Turkish Bank (UK) Ltd. revalues and reports its financial assets based on market values. Any impairment loss is recorded as a specific provision in the Profit and Loss.

f. Taxation:

Turkish Bank Ltd. and Turkish Insurance Ltd. pay 10 % corporation tax on their taxable income and 15 % income tax on the remaining profit after deduction of 10 % corporation tax. Total tax liability is 23.5 %. (2008-23.5 %).

Turkish Bank (U.K) pays 28 % (2008-28.5 %) corporation tax on their 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 Turkish Lira)

Deferred Tax Provision

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

g. Leasing:

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 2008. 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 fixed assets include computer software. Considering their beneficial life to be 5 years, 20% depreciation per year is provided on straight line basis.

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:

a) Legal Structure of the Bank:

Turkish Bank Limited is a public company quoted on the TRNC Stock Exchange, registered under Companies Law Chapter 113 and regulated by Banking Law 39/2001.

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 the internal auditors and independent external auditors are listed on page 3 of this 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 Turkish Lira)

- (3) **There have been no changes in the accounting policies.** In accordance with the Decree concerning the principles and methods for provisions against loans and other assets issued under 39/2001 Banking Law and based on the principles of prudence, the Bank continues to make a 100 % specific provision against doubtful debts. For 2009, in accordance with the said regulation, a specific provision of 52 % has been made for a security that has been classified as past due.
- (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) **Securities portfolio (Including participations, subsidiaries, long term investments) valuation methods**

Securities-held-to-maturity:

Securities that have one year or more to maturity are shown under long term investments and securities which have less than one year to maturity are shown under the securities portfolio in the balance sheet.

TRNC Development Bank Securities held by the bank have been shown at cost. Other debt securities are measured at amortised cost.

Participations, subsidiaries and long-term investments:

The participations, subsidiaries and long-term investments of the bank are shown at values determined by statutory valuation done in 2006.

Securities held by Turkish Bank (UK) Ltd

Investment in debt securities are classified as available-for sale and held-to-maturity. Available-for-sale investments are measured at subsequent reporting dates at fair value. Held-to-maturity securities are measured at amortised cost less any impairment.

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 targeted 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:	1.48500 TL.	1.51500 TL.
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	1.50200 TL.	1.50700 TL.
2. Day bid rate	1.49900 TL.	1.49000 TL.
3. Day bid rate	1.50300 TL.	1.48000 TL.
4. Day bid rate	1.50200 TL.	1.50500 TL.
5. Day bid rate	1.50500 TL.	1.50300 TL.
	Current Period	Previous Period
GBP:	2.38800 TL.	2.19000 TL.
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	2.37500 TL.	2.22000 TL.
2. Day bid rate	2.39000 TL.	2.22500 TL.
3. Day bid rate	2.39100 TL.	2.22000 TL.
4. Day bid rate	2.39300 TL.	2.22500 TL.
5. Day bid rate	2.39800 TL.	2.20600 TL.

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 Turkish Lira)

(9) Value of assets and the total insurance cover

Current Period: 31/12/2009

	<u>Book Value</u>	<u>Accumulated Depreciation</u>	<u>Insurance Cover</u>
Assets:	17,493,218	7,670,188	21,285,000
Movable Property (Equipment, furniture fixtures and fittings)	10,078,585	4,716,672	12,595,000
Immovable property	7,414,633	2,953,516	8,690,000
Assets held that have to be disposed	-	-	-

Previous Period: 31/12/2008

	<u>Book Value</u>	<u>Accumulated Depreciation</u>	<u>Insurance Cover</u>
Assets:	17,836,603	7,245,963	15,733,308
Movable Property (Equipment, furniture fixtures and fittings)	10,212,517	4,336,579	9,408,322
Immovable property	7,624,086	2,909,086	6,324,986
Assets held that have to be disposed	-	-	-

(10) Material, contingent, and conditional losses and gains the value of which could not be estimated.

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. The Appeal of the bank has not been finalised as at 31 December 2009 and no provision has been made in the accounts against this claim.

(11) There are no material events that happened after balance sheet date affecting 2009 that needs explaining.

- There was no material item or uncompleted transaction existing at the year end, the result of which would affect this financial report.
- There have been no material changes in the foreign exchange rates since the balance sheet date that would affect decision making and evaluating this financial report.

(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 Turkish Lira)

13) Capital Adequacy Standard Ratio:

Risk-weighted Assets, Commitments and Contingent Liabilities	Risk-weighted Assets			
	0% 464,458	20% 150,877	50% 31,526	100% 83,848
Assets (Net)				
Cash Balances	6,322	0	0	0
Balances at Central Bank	52,323	0	0	0
Interbank Funds	0	0	0	0
Bank Balances	0	91,477	0	585
Securities Portfolio	90,917	23,927	0	0
Reserve Deposits at Central Bank	36,107	0	0	0
Reverse Repo Receivables	0	0	0	0
Loans and Advances	17,148	0	20,976	37,899
Loans in Arrears	0	0	0	4,555
Prepayments and Accrued Income	4,711	2,123	14	1,412
Participations and Subsidiaries	0	0	0	0
Long Term Investments	45,514	33,147	0	14,481
Assets Held for Resale	0	0	0	0
Fixed Assets	0	0	0	9,823
Other Assets	0	0	0	1,644
Off Balance Sheet Items				
Guarantees	0	129	0	1,604
Documentary Credits	0	0	0	1,175
Other Liabilities and commitments	0	0	0	0
Undertakings	211,416	0	10,536	10,656
Foreign Currency and Interest Rates Operations	0	74	0	0
Not Risk-Weighted Accounts	0	0	0	14
Total Risk-Weighted Assets	0	30,175	15,763	83,848
Net Assets Under Exchange Risk	0	0	0	71,864
TOTAL	0	30,175	15,763	155,712

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 Turkish Lira)

b) Details of Capital and Reserves

	Current Period	Previous Period
_1-Tier I Capital	64,442	62,286
a. Paid-up Capital	56,865	56,865
b. Statutory Reserves	2,087	2,060
c. General Reserves	0	0
d. Profit after Tax and Retained Earnings	5,684	4,136
e. Current and Previous Years Losses (-)	0	0
2-Tier II Capital	2,325	2,685
a. General Provision	2,307	2,669
b. Fixed Asset Revaluation Fund	0	0
c. Inflation Adjustment Reserve	0	0
d. Participations and Subsidiaries Reserves	0	0
e. Loan Capital	0	0
f. Contingency Reserves	18	16
g. Securities Valuation Fund	0	0
3-Total Capital (1+2)	66,767	64,971
4-Capital as Determined by Capital Adequacy Ratio Regulations	66,416	64,108
5-Items to be Deducted from Capital	28,231	29,006
a. Investment in Participations and Subsidiaries	28,037	28,037
b. Intangible Assets	0	0
c. Formation Expenses	0	0
d. Prepaid Expenses	194	802
e. The Difference Between Market Value and Net Book Value of Fixed Assets Where The Market Value is Lower Than Net Book Value	0	0
f. Loan Capital Given to Other Banks Operating in TRNC	0	0
g. Goodwill	0	0
h. Loans Exceeding Statutory Limits	0	167
6-Net Capital (4-5)	38,379	35,904

c) Summary Details of Capital Adequacy Ratio;

(in Thousand Turkish Lira)

	TL% Current	TL% Previous
Total Risk Weighted Assets	201,650	183,967
Net Capital	38,379	35,904
Capital Adequacy Ratio (%)	%19	%20

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 Turkish Lira)

(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 the 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 Head of Internal Control Systems are listed on page 3.

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

e. As in the past, the bank has made a 100 % provision for bad and doubtful debts. As detailed in footnotes I (1)(ii) and I(3), for 2009 a provision of 52 % has been made for security that has been classified as past due.

f. The fair value gain of TL5,437,476 recorded in 2009 and recognised in equity of Turkish Bank (UK) Limited has been included in the consolidated profit and loss.

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

The bank is compliant with the "Internal Audit, Risk Management, Internal Control, and Management Systems" Decree.

h. The auditors have not received any information about any subsequent event or change after the balance sheet date that would affect the bank

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are expressed in Turkish Lira)

i) NOTES AND DISCLOSURES REGARDING ASSETS:

(1) Bank Accounts:

a) Balances with TRNC Central Bank;

	Current Period		Previous Period	
	TL	FX	TL	FX
Unpledged Current Balances	12,861,867	38,983,042	10,498,915	24,887,349
Unpledged Deposit Balances	0	477,600	0	0
Pledged Balances	0	0	0	0
TOTAL	12,861,867	38,983,042	10,498,915	24,887,349

b) Bank Balances with Overseas Banks;

	Unpledged Balances		Pledged Balances	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	54,223,594	95,481,151	0	0
EU Countries	37,593,477	28,786,668	0	0
USA and Canada	245,322	306,480	0	0
OECD Countries ¹	0	0	0	0
Offshore Zone	0	0	0	0
Other	0	0	0	0
TOTAL	92,062,393	124,574,299	0	0

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

c) Reverse Repo Receivables:

	Current Period		Previous Period	
	TL	FX	TL	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

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

(Amounts unless expressed otherwise are expressed in 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- 8,751,305 TL of the securities portfolio balance is held for legal requirements.

b) Analysis of securities portfolio

Types of Securities	Current Period		Previous Period	
	TL	FX	TL	FX
TRNC Development Bank Securities	307,802	8,443,504	307,802	8,248,301
Turkish Treasury Bonds	0	0	0	0
Turkish Government Securities	82,166,205	0	41,560,245	0
Other OECD Countries Bonds and Securities	849,907	0	804,310	0
Other Countries Bonds and Securities	0	0	0	0
Other	0	23,076,451	0	0
TOTAL	83,323,913	31,519,955	42,672,357	8,248,301

(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	20,018	0	0	0
Loans given to corporate body shareholders	0	0	0	0
Loans given to real persons	20,018	0	0	0
Indirect loans given to shareholders	100,631	11,680	0	0
Loans given to personnel	1,857,180	2,200	1,934,242	4,133

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 Turkish Lira)

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

	Standard, Performing Loans and 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	962,829	0	1,849	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	23,696,140	334,329	195,218	0
Special Loans	0	0	0	0
Funded Loans	0	0	0	0
Consumer Loans	10,781,686	0	559,131	0
Credit Cards	2,839,539	0	82,508	0
Security Purchase Loans For Customers	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	35,930,251	0	639,547	0
TOTAL	74,210,445	334,329	1,478,253	0

c) Loan Classification by Users:

	Current Period	Previous Period
Public	7,331,053	7,035,502
Private	68,691,974	75,432,582
TOTAL	76,023,027	82,468,354

d) Loan Classification-Domestic and Overseas:

	Current Period	Previous Period
Domestic Loans	53,721,001	59,802,786
Overseas Loans	22,302,026	22,665,568
TOTAL	76,023,027	82,468,354

e) Loans Given to Participations and Subsidiaries:

	Current Period	Previous Period
Direct Loans to Participations and Subsidiaries	0	0
Indirect Loans to Participation and Subsidiaries	0	0
TOTAL	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 Turkish Lira)

f) The first hundred largest cash loan customers make up 69 % of the total loan portfolio and fourteen loan customers make up 50% of the loan portfolio.

g) The first hundred largest cash and non-cash loan customers make up 96 % of the total assets (including off balance sheet items) and five customers make up 50% of the total cash and non-cash loan portfolio of the bank.

h) The first hundred largest off balance sheet commitments and contingent liabilities make up 5 % of such and eighteen customers hold 50 % thereof.

(4) Loans in Arrears:

a) Total Non-performing Loan-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	653,767	343,856	339,391
Additions In the Year (+)	10,392,676	86,468	179,021
Transfer From Other Non Performing Loans	0	447,837	309,525
Transfer To Other Non Performing Loans	455,787	301,574	0
Collections in the Period (-)	506,734	241,816	245,407
Write Offs (-)	0	0	0
Balances at the end of Period	10,083,922	334,771	582,530
Specific provision (-)	5,529,389	334,771	582,530
Net Book Value	4,554,533	0	0

b) 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	9,832,880	95,809	379,997
Specific Provision (-)	5,278,347	95,809	379,997
Net Book Value	4,554,533	0	0
Previous Period:			
Balance Brought Forward	434,656	252,627	265,574
Specific Provision (-)	434,656	252,627	265,574
Net Book Value	0	0	0

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

(Amounts unless expressed otherwise are expressed in Turkish Lira)

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

Security Group	Loans Given	Provision
Unsecured	155,888	155,888
Group I - Cash Security	731	731
Group II - Immovable Security	39,885	39,885
Group III - Movable Security	386,026	386,026
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. Participations 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
Market value	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 Profit	Market Value
Turkish Bank (UK) Ltd.	84-86 Borough High Street London SE1 1LN UK	83	100	-625.656	48,676,992
Turkish Insurance Ltd	182 Girne Caddesi Lefkoşa TRNC	51	98	707,722	4,478,302

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 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) Number of bonus shares received from participations and subsidiaries as a result of capitalising of reserves;

	Current Period	Previous Period
Number of bonus shares received		
Participations	0	0
Subsidiaries	0	0

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

	Financial Participations and Subsidiaries Balance	Financial Participations and Subsidiaries Balance
RECEIVABLES		
-Banks and Other Financial Institutions	1,381,447	0
-Debentures and Similar Securities	0	0
-Loans (Including Doubtful Debts)	0	0
-Interest and Income Accruals	0	0
-Financial Leasing Receivables (net)	0	0
-Other Receivables	0	0
BORROWINGS		
-Deposits	563,851	0
-Borrowed Funds	0	0
-Securities Issued	166	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;

	Current Period	Previous Period
1- Debt securities	93,101,058	107,256,328
2- Repo related items	0	0
3- Other- Investment in share capital	41,762	41,259
4- Provision for loss in value (-)	0	0
TOTAL	93,142,820	107,297,587

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 Turkish Lira)

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

Balance from previous year:	Immovable Property	Vehicles	Other Fixed Assets	Total
Cost	7,624,086	532,140	9,680,377	17,836,603
Accumulated depreciation (-)	(2,909,383)	(256,271)	(4,080,309)	(7,245,963)
Net Book Value	4,714,703	275,869	5,600,068	10,590,640
Current Period:				
Net book value at the beginning of the year	4,714,703	275,896	5,600,068	10,590,640
Purchases	0	0	455,074	455,074
Sales and disposals - Net (-)	0	0	(3,614)	(3,614)
Diminution in value	0	0	0	0
Depreciation charge (-)	(253,585)	(69,247)	(896,238)	(1,219,070)
Net Exchange differences (-)	0	0	0	0
Closing Net Book Value	4,461,118	206,622	5,155,290	9,823,030

(ii) Details Regarding Fixed Assets of the Group;

Balance from previous year:	Immovable Property	Other Fixed Assets	Total
Cost	24,695,898	16,105,912	40,801,810
Accumulated depreciation (-)	(4,915,304)	(7,723,179)	(12,638,483)
Net Book Value	19,780,594	8,382,733	28,163,327
Current Period:			
Net book value at the beginning of the year	19,780,594	8,382,733	28,163,327
Purchases	0	1,948,115	1,948,115
Sales and disposals- Net (-)	0	(3,614)	(3,614)
Diminution in value	0	0	0
Depreciation charge (-)	(528,205)	(1,506,761)	(2,034,966)
Closing Net Book Value	19,252,389	8,820,473	28,072,862

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 Turkish Lira)

(iii) Details of Intangible Fixed Assets of the Group;

Previous Period	TOTAL
Cost	2,435,760
Accumulated Depreciation (-)	(2,259,047)
Net Book Value	176,713
Current Period	
Beginning Net Book Value	176,713
Purchases	286,560
Disposals-Net Value(-)	0
Statutory Valuation	0
Depreciation	(136,117)
Closing Net Book Value	327,156

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

(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:

Expenses Paid in Advance	Total
Software Maintenance and Licensing Cost	97,191
VISA Membership Cost	54,850
Communication Costs	3,626
Insurance Expenses	26,086
Rent Expenses	12,074
Total	193,827

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 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 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
Resident Accounts							
1) Savings Accounts	26,348,008	0	103,374,161	1,990,409	272,691	1,679,653	0
2) Official, Commercial and Other Institutions Deposits	13,996,337	0	1,923,469	29,168	485	36,399	0
3) Foreign Currency Savings	41,507,768	0	163,378,963	13,829,179	6,696,545	34,907,607	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	10,503,568	0	11,183,204	1,912,931	1,138	141,231	0
Non-Resident Accounts							
1) Savings Accounts	282,916	0	1,901,624	32,144	45,473	64,252	0
2) Trade and Other Institutions	12,141	0	0	0	0	0	0
3) Foreign Currency Savings	1,327,732	0	4,654,687	566,791	1,689,863	5,515,834	0
4) Foreign Currency Official, Commercial and Other Institutions.	365,107	0	0	0	0	0	0
Banks Deposit							
Local Banks	33,632	0	0	0	0	0	0
Overseas Banks	58,441	0	0	0	0	0	0
Off-Shore Banks	24,504	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	94,460,154	0	286,416,108	18,360,622	8,706,195	42,344,976	0
Previous Period	On Demand	Seven Day Notice	Within 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
Resident Accounts							
1) Savings Accounts	17,519,334	325,108	91,619,349	1,825,211	261,350	1,580,937	0
2) Official, Commercial and Other Institutions Deposits	9,336,194	4,689	1,906,989	39,998	438	32,735	0
3) Foreign Currency Savings	40,721,409	0	161,762,391	16,139,698	6,895,650	31,441,781	0
4) Foreign Currency Official Commercial and Other Institutions Deposits	10,005,433	0	7,661,760	163,187	1,012	127,890	0
Non-Resident Accounts							
1) Savings Accounts	197,824	13,459	1,886,050	14,278	17,530	53,024	0
2) Trade and Other Institutions	1,907	0	0	0	0	0	0
3) Foreign Currency Savings	1,768,574	0	3,153,744	579,392	1,405,328	5,566,058	0
4) Foreign Currency Commercial and Other Institutions Deposits	41,154	0	0	0	0	0	0
Banks Deposit							
Local Banks	47,936	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	25,267	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	79,665,032	343,256	267,990,283	18,761,764	8,581,308	38,802,425	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 Turkish Lira)

b) Deposits covered by the Savings Insurance Fund Scheme;

Savings Accounts	Current Period		Previous Period	
	TL	FX	TL	FX
Savings Accounts	135,991,331	274,074,969	115,313,453	269,434,025
Other Eligible Accounts	197,252	64,716	144,189	35,317
TOTAL	136,188,583	274,139,685	115,457,642	269,469,342

(11) Funds Derived From Repo Transactions:

	Current Period		Previous Period	
	TL	FX	TL	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) Funds Borrowed:

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

(13) The Bank has no borrowing liabilities.

a) Current Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	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 Details		Currency			
Short Other	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	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 Turkish Lira)

(14) The Bank has not issued any securities.

a) Current Period

Term of Borrowing			Interest Details		Currency			
Short	Medium	and Long	Fixed-Rate	Variable	EURO	USD	TL	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 Details		Currency			
Short	Medium	and Long	Fixed-Rate	Variable	EURO	USD	TL	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 Value of the Securities Obtained	111,603	111,293

b) Cash securities obtained are associated with company formations.

(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	56,684,600	56,864,600
Preferential, Privileged Share Capital	0	0

(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	56,864,600	57,000,000

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 Turkish Lira)

(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
0	0	0	0	0

(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
0	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 Yatirimlari Limited	20,662,515	%36.34	20,662,515	0
Ozyol Holding A.	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 'A' Shares of 10 Kr each and 56,997,962 'B' Shares of 1 TL each. Both 'A' and 'B' shares carry one vote each and on other matters have equal rights.

(18) Statutory Revaluation Fund:

	Current Period		Previous Period	
	TL	FX	TL	FX
Participations and Subsidiaries	0	0	0	0
Revaluation Fund	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 Turkish Lira)

(19) (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	58,644,301	0	0	0	0	0	58,644,301
Bank Balances	92,062,393	0	0	0	0	0	92,062,393
Securities Portfolio	2,260,832	39,845,269	59,207,773	13,529,994	0	0	114,843,868
Loans	17,721,224	18,785,499	674,173	1,634,898	37,207,233	0	76,023,027
Long Term Investment	2,970,000	0	357,707	9,536,293	80,237,058	41,762	93,142,820
Other Assets	42,921,109	5,397,724	1,837,623	202,385	0	38,272,872	88,631,713
Total Assets	216,579,859	64,028,492	62,077,276	24,903,570	117,444,291	38,314,634	523,348,122
Liabilities							
Bank Deposits	116,577	0	0	0	0	0	116,577
Other Deposits	391,068,582	22,420,789	14,072,104	22,610,003	0	0	450,171,478
Funds obtained from other financial institutions	0	0	0	0	0	0	0
Securities issued	0	0	0	0	0	0	0
Sundry Liabilities	194,348	0	0	0	0	0	194,348
Other Liabilities	5,088,937	221,337	376,748	219,462	0	66,959,235	72,865,719
Total Liabilities	393,468,444	22,642,126	14,448,852	22,829,465	0	66,959,235	523,348,122
Net Asset Liquidity gap	(179,888,585)	41,386,366	47,628,424	2,074,105	117,444,291	(28,644,601)	0
Previous Period							
Total Assets	247,262,726	32,006,006	8,158,425	49,927,599	113,529,949	39,683,741	490,568,446
Total Liabilities	357,823,886	19,037,200	8,889,940	39,044,201	0	65,773,219	490,568,446
Net Asset Liquidity gap	(110,561,160)	12,968,806	(731,515)	10,883,398	113,529,949	(26,089,478)	0

*Fixed Assets, subsidiaries and participations have been recorded in this column.

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 Turkish Lira)

e) Disclosures and footnotes regarding other matters:

1) Tax:

Bank	Current Period	Previous Period
2009 corporation and income tax provision	160,219	577,354
Taxes and withholding tax paid	83,293	322,985
Total Tax provision for the year	243,512	900,339
Less: Withholding tax paid in 2009 and previous years withholding tax written off	(243,512)	(900,339)
Taxes Payable	0	0

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

Current Period	Up to 3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Unallocated	Total
Assets						
Liquid Funds (Foreign Exchange, Cash in Transit and TRNC CB Bank Balance)	59,542,627	0	0	0	0	59,542,627
Bank Balances	174,582,211	0	0	0	0	174,582,211
Securities Portfolio	46,411,666	59,207,773	13,529,994	0	0	119,149,433
Loans	132,941,956	5,947,507	8,810,838	69,531,201	(128,852)	217,102,550
Long Term Investment	2,970,000	357,707	9,536,293	95,876,070	1,047,110	109,787,180
Other Assets	48,318,667	1,837,623	202,385	400	32,894,128	83,253,203
Total Assets	464,767,127	67,350,610	32,079,510	165,407,671	33,812,286	763,417,204
Liabilities						
Bank Deposits	6,166,302	0	0	0	0	6,166,302
Other Deposits	555,011,803	46,176,376	47,235,059	4,685,256	0	653,108,494
Funds Obtained from other fin. Institutions	0	0	0	0	0	0
Securities issued	0	0	0	0	0	0
Sundry Liabilities	277,314	0	0	0	1,967,712	2,245,026
Other Liabilities	5,401,094	468,628	274,437	0	95,753,223	101,897,382
Total Liabilities	566,856,513	46,645,004	47,509,496	4,685,256	97,720,935	763,417,204
Net Asset Liquidity gap	(102,089,386)	20,705,606	(15,429,986)	160,722,415	(63,908,649)	0
Previous Period						
Total Assets	442,172,617	11,756,888	60,163,659	161,423,459	34,973,642	710,490,265
Total Liabilities	521,393,455	43,502,790	55,235,178	0	90,358,842	710,490,265
Net Assets Liquidity gap	(79,220,838)	(31,745,902)	4,928,481	161,423,459	(55,385,200)	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 Turkish Lira)

3) Tax – Group;

	Current Period	Previous Period
2009 corporation and income tax provision	314,843	1,609,011
Exemption for loss in value for securities	0	(1,412,550)
Total provision	314,843	196,461
Withholding tax paid in 2009	(475,990)	(175,200)
Deferred tax provision - 2009 net movement	1,523,544	325,272
Previous years deferred tax brought forward	(714,012)	(131,400)
Taxes Payable	648,385	215,133

4) Minority Interest;

Minority interest consists of shares with nominal value of 718,405 TL in Turkish Insurance Ltd. And GBP 2 million in Turkish Bank (UK) Limited.

5) Shareholders' equity group table:

	Current Period	Previous Period
Balance Brought Forward	27,121,700	30,274,206
Exchange Differences and Minority Interest corrections	(1,105,704)	(1,105,704)
Movements in 2009		
Retained Earnings for the Year	1,140,085	2,909,168
Dividends Paid	0	0
Reserve Movements-Net	(1,269,620)	(4,955,970)
Year End Balance of Reserves	25,986,765	27,121,700
Paid Up capital	56,864,600	56,864,600
Shareholders Funds at Year End	82,851,365	83,986,300

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 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	7,785,670	8,031,019
TOTAL	7,785,670	8,031,019

b) Details of off balance sheet liabilities;

	Current Period		Previous Period	
	TL	FX	TL	FX
Off Balance Sheet Liabilities				
Letter of Guarantees	2,402,996	3,033,102	2,553,458	3,221,367
Acceptances	0	0	0	0
Documentary credits	0	2,349,572	0	2,256,194
Endorsements, transfers	0	0	0	0
ndertaking of Repurchasing	0	0	0	0
Other guarantees and acceptances	0	0	0	0
TOTAL	2,402,996	5,382,674	2,553,458	5,477,561

(3) Commitments;

	Current Period	Previous Period
Irrevocable commitments	63,455,867	44,569,000
Revocable commitments	422,831,239	0
TOTAL	486,287,106	44,569,000

(4) Foreign Exchange and Interest Rate Operations;

	Current Period	Previous Period
Forward FX Transactions	146,452,495	0
Currency and interest swap transactions	0	119,754,711
Currency and Interest options	0	0
FX Future Contracts	0	0
Interest future contracts	0	0
Other	0	0
TOTAL	146,452,495	119,754,711

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	72,774	3,981,061
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	15,180	19,896
Commissions and fees paid to Subsidiaries and Participations	0	0

c) Interest received from reverse repo transactions;

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

d) Interest paid to repo transactions;

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

(2) Breakdown of provisions charge for Loans and Other Receivables;

	Current Period	Previous Period
Specific provision for non-performing loans and other receivables		
For unsecured accounts	5,220,572	152,364
For other accounts	499,488	700,031
General Provision for loans	322,256	1,972,753
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
Provision for exchange difference on Statutory Reserve		
Others	0	0

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are expressed Turkish Lira)

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

(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 and after charging the following expenses

Bank:	Current Period	Previous Period
Directors' emoluments	1,057,267	786,320
Auditors Fees	105,000	100,000
Group:		
Directors' emoluments	1,585,327	1,364,017
Auditors Fees	255,004	227,070
Capital Market operation profits and Provisions written back	6,496,177	553,681

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

	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
PREVIOUS PERIOD											
Balance at 1 January 2008	56.864.550,-	1.730.000,-	-	-	-	-	-	-	992.256,-	3.238.859,-	62.825.665,-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-	-	0-
- Transfers to reserves	-	330.000,-	-	-	-	-	-	-	2.908.859,-	(3.238.859,-)	0
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0
Share Capital Increase:											
- Cash injection	50,-	-	-	-	-	-	-	-	-	-	50-
- 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 31/12/2008 (Net)	-	-	-	-	-	-	-	-	-	-	0
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0
Other	-	-	-	-	-	-	-	-	-	-	0
Net Profit for 2008	-	-	-	-	-	-	-	-	-	262.160,-	262.160
Balances 31 December 2008	56.864.600,-	2.060.000,-	0-	0-	0-	0-	0,-	0	3.901.115-	262.160-	63.087.875
CURRENT PERIOD											
Balance at 1 January 2009	56.864.600,-	2.060.000,-	0-	0-	0-	0-	0,-	0-	3.901.115-	262.160,-	63.087.875,-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-	-	0,
- Transfers to reserves	-	27.000,-	-	-	-	-	-	-	235.160,-	262.160	0,
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0,
Share Capital Increase:											
- Cash injection	-	-	-	-	-	-	-	-	-	-	50,-
- 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	-	-	-	-	-	-	-	-	-	-	-
Increase in statutory revaluation fund in 31/12/2009 (Net)	-	-	-	-	-	-	-	-	-	-	0,
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0,
Other	-	-	-	-	-	-	-	-	-	-	0,
Net Profit for 2009	-	-	-	-	-	-	-	-	-	1.547.231,-	1.547.231,-
Balances 31 December 2009	56.864.600,-	2.087.000,-	-	-	-	-	-	-	4.136.275	1.547.231,-	64.635.106,-

TURKISH BANK GROUP

V- A) STATEMENT OF CASH FLOWS

	CURRENT PERIOD TL (31/12/2009)	PREVIOUS PERIOD TL (31/12/2008)
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	42,342,889	54,426,926
Interest expenses and similar items	(24,422,578)	(28,214,422)
Dividends received	0	0
Fees and commissions received	5,394,886	4,910,013
Income from insurance business	1,261,936	1,046,956
Other income	7,113,887	988,612
Personnel and administration expenses	(28,145,594)	(25,566,540)
Taxes paid	(266,059)	(1,485,825)
Other	(683,774)	(91,980)
Operating Profit Before Changes in Operating Assets and Liabilities	2,595,593	6,013,740
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) decrease in securities portfolio	(63,923,210)	(39,111,674)
Net (increase) decrease in loans and banks	44,712,179	2,162,635
Net (increase) decrease in other assets	960,772	171,540
<u>Increase (decrease) in operating liabilities:</u>		
Net increase (decrease) in deposits	18,197,225	(44,807,059)
Net increase (decrease) in funds borrowed	0	0
Net increase (decrease) in other liabilities	(3,503,318)	3,933,790
Net Cash Provided from Banking and Commercial Operations	(960,759)	(71,637,028)
II- Cash Flows from Investing Activities		
Cash paid for purchase of equity participations	0	0
Purchase of property and equipment	(1,948,115)	(3,936,461)
Sale of property and equipment	14,300	20,529
Purchase of Intangible Assets	(286,560)	0
Cash paid for purchase of investment securities	(9,210,516)	0
Sale of investment securities	19,754,627	37,579,122
Net Cash Provided from Investing Activities	8,323,736	33,663,190
III- Cash Flows from Financing Activities		
Capital increase of subsidiary- from minority shareholder	4,776,000	50
Dividends paid	0	0
Dividends paid to minority shareholders of a subsidiary	0	0
Net Cash Provided from Financing Activities	4,776,000	50
Effect of change in foreign currency evaluation rate of cash and cash equivalents	6,675,570	(2,203,456)
Net increase in Cash and Cash Equivalents	18,814,547	(40,177,244)
Cash at the Beginning of the Year	97,530,884	137,708,128
Cash and Cash Equivalents at the End of the Year	116,345,431	97,530,884

V- B) STATEMENT OF CASH FLOWS

	CURRENT PERIOD TL (31/12/09)	PREVIOUS PERIOD TL (31/12/08)
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	31,924,153	42,451,525
Interest expenses and similar items	(20,011,540)	(22,075,573)
Dividend income	4,776,000	0
Fees and commissions received	2,455,258	2,161,563
Other income	752,637	606,201
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(18,780,148)	(18,860,232)
Taxes paid	(243,512)	(1,131,544)
Other Collection items income	0	0
Other Paid items	0	0
Operating Profit Before Changes in Operating Assets and Liabilities	872,848	3,151,940
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) decrease in securities portfolio	(63,923,210)	(33,875,384)
Net (increase) decrease in banks	34,359,115	18,302,895
Net (increase) decrease in loans	(3,218,882)	(16,543,833)
Net (increase) decrease in other assets	(115,140)	218,962
<u>Increase (decrease) in operating liabilities:</u>		
Net increase in deposits	36,143,987	(14,209,956)
Net (decrease) in funds borrowed	0	0
Net increase (decrease) in securities issued	0	0
Net increase in other liabilities	(1,927,140)	3,355,979
Net Cash (used in) Provided from Banking and Commercial Operations	2,191,578	(39,599,397)
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	(455,074)	(2,336,931)
Sale of property and equipment	14,300	20,529
Cash paid for purchase of investment securities	0	0
Cash obtained from sale of investment securities	14,154,767	34,267,842
Other cash inflows	0	0
Other cash outflows	0	0
Net Cash (used in) Provided from Investing Activities	13,713,993	31,951,440
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	50
Dividends paid	0	0
Other cash inflows	0	0
Other cash outflows	0	0
Net Cash Provided from Financing Activities	0	50
Effect of change in foreign currency evaluation rate of cash and cash equivalents	1,895,850	1,767,962
Net increase in Cash and Cash Equivalents	17,801,421	(5,879,945)
Cash at the Beginning of Year	40,842,880	46,722,825
Cash and Cash Equivalents at the End of Year	58,644,301	40,842,880

VI- PROFIT APPROPRIATION TABLE

	CURRENT PERIOD TL	PREVIOUS PERIOD TL
	31/12/2009	31/12/2008
A. APPROPRIATION OF CURRENT YEAR INCOME		
1. CURRENT YEAR INCOME	1,790,743	1,162,499
2. TAXES AND DUTIES PAYABLE (-)	(243,512)	(900,339)
- Corporation tax	(68,178)	(245,606)
- Income tax	(92,041)	(331,569)
- Other taxes and duties	(83,293)	(323,164)
NET INCOME FOR THE YEAR	1,547,231	262,160
3. PRIOR YEARS' LOSSES (-)	-	-
4. LEGAL RESERVES (-)	(155,000)	(27,000)
5. OTHER STATUTORY RESERVES (-)	-	-
NET INCOME AVAILABLE FOR DISTRIBUTION	1,392,231	235,160
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)	4,136,275	3,901,115
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)	-	-
2. DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	-	-
- To owners of privileged shares	-	-
3. DIVIDENDS TO PERSONNEL (-)	-	-
4. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
C. NET PROFIT TRANSFERRED TO 2010	5,528,506	4,136,275
D. EARNINGS PER SHARE		
1. TO OWNERS OF 'A' SHARES (TL, %)	0,0003TL (%3)	0,0005TL
2. TO OWNERS OF 'B' SHARES (TL, %)	0,003TL (%3)	0,005TL
E. DIVIDEND PER SHARE		
1. TO OWNERS OF 'A' SHARES (TL, %)	0	0
2. TO OWNERS OF 'B' SHARES (TL, %)	0	0

TURKISH BANK LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
General Management	92 Girne Cad. Lefkoşa e-mail: info@turkishbank.com www.turkishbank.net	(392) 600 33 33	(392) 228 24 32
Lefkoşa/Main Branch	92 Girne Cad. Lefkoşa Telex: 57349 TBKB TK	(392) 600 33 33	(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) 227 48 25 (392) 229 11 67	(392) 228 37 17
Lefkosa/Onder	Bedrettin Demirel Caddesi No. 67 Onder Shopping Centre, Lefkosa	(392) 229 41 20	(392) 227 05 10
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 47 98
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 Rızıkı 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 28 50
Girne/Karaoğlanoğlu	Karaoğlanoğlu Cad., Karaoğlanoğlu-Girne.	(392) 822 40 32 (392) 822 40 30	(392) 822 40 31
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.

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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
Lewisham	83 Lewisham High St, London SE13 5JX	(44-20)8852 3089	(44-20)8297 3171

TURKISH INSURANCE LTD.

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