

**CONVENIENCE TRANSLATION INTO ENGLISH
OF FINANCIAL STATEMENTS AND
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH
SEE NOTE I.B.3**

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**FINANCIAL STATEMENTS
AT 31 DECEMBER 2008
TOGETHER WITH AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

To the Central Bank of the Republic of Turkey

1. We have audited the accompanying financial statements of the Central Bank of the Republic of Turkey (the "Bank") which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Central Bank of the Republic of Turkey (the "Central Bank Law") and related legislation. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Central Bank of the Republic of Turkey as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the Central Bank Law and related legislation.

Without qualifying our opinion, we draw attention to the following matter:

5. As explained in Note I.B.3, effects of differences between accounting principles and standards set out by related legislation in Turkey and the Central Bank Law, and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Zeynep Uras, SMMM

Istanbul, 4 March 2009

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH SEE NOTE I.B.3**

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL"), unless otherwise indicated.)

ASSETS	Note (Part II)	31 December 2008	31 December 2007
I. GOLD	1	5,016,931	3,736,492
A. International Standards		4,883,049	3,636,780
B. Non-international Standards		133,882	99,712
II. FOREIGN CURRENCY RESERVES	2, 12, 21	107,384,842	85,392,444
A. Foreign Currency Banknotes		570,646	324,235
B. Correspondent Bank Accounts		106,549,028	84,860,060
C. Reserve Tranche Position		265,168	208,149
III. COINS		59,451	71,159
IV. DOMESTIC CORRESPONDENTS	3	213,234	-
V. SECURITIES PORTFOLIO	4	33,653,502	16,926,939
A. Government Securities		33,653,502	16,926,939
a) Coupon		30,965,502	16,926,939
b) Discount		2,688,000	-
B. Other		-	-
VI. DOMESTIC LOANS	5	389	374
A. Banking Sector		389	374
a) Discount Loans		389	374
b) Loans Given according to Law 1211 40/1-c		-	-
c) Other		-	-
B. Loans to Savings Deposit Insurance Fund		-	-
VII. OPEN MARKET OPERATIONS	4	20,060,925	-
A. Repurchase Agreements		20,060,925	-
a) Cash		20,060,925	-
i. Foreign Exchange		-	-
ii. Securities		20,060,925	-
b) Securities		-	-
B. Other		-	-
VIII. FOREIGN LOANS	5	38,111	32,621
IX. EQUITY PARTICIPATIONS	6	23,559	18,493
X. PROPERTY AND EQUIPMENT (Net)	7	286,178	278,809
XI. LOANS UNDER LEGAL FOLLOW-UP (Net)	5	-	-
XII. TREASURY LIABILITIES DUE TO SDR ALLOCATION	12	264,067	207,285
XIII. VALUATION ACCOUNT	17	-	4,710,587
XIV. INTEREST AND INCOME ACCRUALS	10	43,692	9,359
XV. MISCELLANEOUS RECEIVABLES	8	211,400	40,017
XVI. OTHER ASSETS	9	42,072	25,890
TOTAL ASSETS		167,298,353	111,450,469

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL"), unless otherwise indicated.)

LIABILITIES	Note (Part II)	31 December 2008	31 December 2007
I. CURRENCY IN CIRCULATION	11	31,743,434	27,429,389
II. DUE TO TREASURY	12	316,271	247,335
A. Gold		14,534	10,825
B. Reserve Tranche Position		265,168	208,149
C. Other (Net)		36,569	28,361
III. FOREIGN CORRESPONDENTS	13	1,143	852
IV. DEPOSITS	14	90,435,791	74,006,066
A. Public Sector		13,303,585	14,880,395
a) Treasury, General and Annexed Budget Administrations		13,096,654	14,712,595
b) Public Economic Enterprises		15	-
c) State Economic Enterprises		75,232	69,697
d) Other		131,684	98,103
B. Banking Sector		52,644,480	38,593,991
a) Domestic Banks		38,993,290	25,453,524
b) Foreign Banks		8,742	8,529
c) Reserve Requirements (Central Bank Law 1211 Article 40)		13,642,395	13,131,518
d) Other		53	420
C. Miscellaneous		20,789,598	18,690,434
a) Foreign Exchange Deposits By Citizens Abroad		20,723,600	18,635,507
b) Other		65,998	54,927
D. International Institutions		6,201	6,046
E. Funds		3,691,927	1,835,200
a) Saving Deposit Insurance Fund		980	13,802
b) Other		3,690,947	1,821,398
V. LIQUIDITY BILLS	20	-	993,710
VI. OPEN MARKET OPERATIONS	4	29,935,300	2,917,500
A. Repurchase Agreements		20,000,000	-
a) Cash		-	-
i. Foreign Exchange		-	-
ii. Securities		-	-
b) Securities		20,000,000	-
B. Other		9,935,300	2,917,500
VII. FOREIGN LOANS		13,760	10,906
VIII. IMPORT TRANSFER ORDERS AND DEPOSITS		776,822	858,741
IX. NOTES AND REMITTANCES PAYABLE		29,571	73,477
X. SDR ALLOCATION	12	264,067	207,285
XI. SHARE CAPITAL	15	46,234	46,234
A. Paid-in Share Capital		25	25
B. Adjustment to Paid-in Share Capital		46,209	46,209
XII. LEGAL RESERVES	15	3,037,218	2,823,647
A. Ordinary and Extraordinary Reserves		2,682,955	2,469,384
B. Special Reserves (Central Bank Law 1211 Article 59)		890	890
C. Inflation Adjustment to Ordinary and Extraordinary Reserves and Special Reserves		353,373	353,373
XIII. PROVISIONS	16	470,485	163,403
XIV. VALUATION ACCOUNT	17	6,377,223	-
XV. INTEREST AND EXPENSE ACCRUALS	19	1,468,712	1,318,655
XVI. MISCELLANEOUS PAYABLES	18	52,325	67,784
XVII. OTHER LIABILITIES	18	339,943	65,193
XVIII. NET PROFIT FOR THE YEAR		1,990,054	220,292
TOTAL LIABILITIES		167,298,353	111,450,469

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH SEE NOTE I.B.3**

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL"), unless otherwise indicated.)

	Note (Part III)	1 January - 31 December 2008	1 January - 31 December 2007
I - INTEREST INCOME	1	7,181,962	5,230,433
A. Interest Income from Foreign Correspondent Accounts		2,263,319	2,186,190
B. Interest Income from Open Market Operations		3,596,902	2,223,190
C. Interest Income from Foreign Loans		53,687	88,669
D. Positive Valuation Differences		1,262,372	732,353
E. Other Interest Income		5,682	31
II - INTEREST EXPENSE	2	5,264,551	4,607,057
A. Interest Expense on Deposits by Citizens Abroad		765,336	590,241
B. Interest Expense on Open Market Operations		882,126	895,824
C. Interest Expenses on Interbank Money Market Transactions		970,817	1,012,329
D. Interest Expense on Other Deposits		2,297,259	2,054,132
E. Negative Valuation Differences		347,826	45,369
F. Other Interest Expense		1,187	9,162
III - NET INTEREST INCOME {I-II}		1,917,411	623,376
IV - NET COMMISSION AND SERVICE INCOME/(EXPENSE)		52,879	(118,357)
A. Commission and Service Income		60,966	52,164
B. Commission and Service Expense		8,087	170,521
V - NON-INTEREST INCOME	3	3,069,823	1,271,892
A. Portfolio Purchase and Sales Income (Net)		1,561,334	1,021,713
B. Foreign Exchange Purchase-Sales Gains		1,501,278	241,510
C. Other Non-Interest Income		7,211	8,669
VI - NON-INTEREST EXPENSE	4	2,709,491	1,515,538
A. Foreign Exchange Purchase-Sales Losses		1,669,805	1,364,903
B. Personnel Expense		341,304	309,720
C. Provisions		588,366	(237,432)
D. Depreciation Expense		16,555	15,175
E. Other Non-Interest Expense		93,461	63,172
VIII - PROFIT BEFORE TAX PROVISION {III+IV+V-VI}		2,330,622	261,373
IX - TAX PROVISION	Section II Note 16	340,568	41,081
X - NET PROFIT FOR THE YEAR {VIII-IX}		1,990,054	220,292

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

OFF - BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2008 AND 2007

OFF - BALANCE SHEET COMMITMENTS	31 December 2008	31 December 2007
A. Securities in Custody	170,490,879	168,928,997
1. Marketable Securities in Custody - Free (*)	162,451,414	162,039,741
2. Deal Securities (*)	925,742	908,384
3. Marketable Security Exchange Market Banks Guarantee Letters Depot	110,359	129,239
4. Government Debt Security Depot of Savings Deposits Insurance Fund, exempt from income tax (*)	2,298,296	966,258
5. Other (*)	4,705,068	4,885,375
B. Guarantees Taken	23,036,672	11,937,407
1. Government Debt Security Depots of Banks under Foreign Exchange Market Guarantee (*)	5,872,117	1,269,228
2. Bonds as Interbank Money Market Operations Guarantees	8,447,623	8,833,979
3. Government Debt Security Depots accepted as Guarantee for Money Market Transactions (*)	6,654,149	1,760,584
4. Government Debt Security Depots accepted as Guarantee for preloaded and subloaded TL Banknotes and Coins (*)	1,742,788	-
5. Intermediary Institutions' Pledged Government Debt Security Depots	22,058	22,580
6. Other (*)	297,937	51,036
C. Reserve Banknotes	40,630,205	37,360,938
1. Reserve Banknotes - Head Office	6,637,675	36,504,509
2. Reserve Banknotes - Branches	32,200,562	417,110
3. Reserve Banknotes - Banknotes Depots	140,080	246,055
4. Obsolete Banknotes	374,299	193,264
5. Preloaded TL Banknotes Depots	1,277,589	-
D. Other	119,245,772	115,989,289
1. Repurchase Agreements Pledged Account (*)	6,815,094	8,296,027
2. Bank Treasury Bonds Portfolio	32,641,704	16,028,024
3. Customer Transactions Portfolio - Takasbank (*)	75,138,081	88,049,706
4. Branches' Marketable Security Portfolio in Electronic Security Fund Transfer System	3,265,143	2,024,241
5. Stock Exchange Market Members' Treasury Bond Depot	53,726	73,560
6. Derivative Transactions	70,868	135,066
7. Liquidity Bills	-	1,000,000
8. Other (*)	1,261,156	382,665
E. Electronic Marketable Security Transfer Recording Follow-up Account for Marketable Securities, Classified with Physical Values in Above Accounts	285,147,100	274,536,403
TOTAL (A+B+C+D+E)	638,550,628	608,753,034

(*) The balances presented in the Off Balance Sheet Commitments table consists of the total of YTL, foreign currency and units of securities. YTL and foreign currency securities presented in the total balances are expressed in terms of the original amount of currency over their nominal values; blank letter of credits, letter of credits that account owners entrust for maintenance, gold and silver medallions and badges obtained as service award, banknote samples, specimen catalogues, cheques with unknown costs are expressed in terms of units.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL"), unless otherwise indicated.)

	Share Capital	1 st and 2 nd Group Legal Reserves	Share Premium	Other Legal Reserves	Legal Reserves	Bank Property and Equipment Revaluation Fund	Cost Increase Fund	Retained Earnings/ (Accumulated Deficit)	Net Profit for the year	Total Shareholders' Equity
Balance at 31 December 2007	46,234	-	-	-	2,823,647	-	-	-	220,292	3,090,173
Balance at 1 January 2008	46,234	-	-	-	2,823,647	-	-	-	220,292	3,090,173
<u>Net-off of Previous Year Losses:</u>	-	-	-	-	-	-	-	-	-	-
<u>Profit Distribution:</u>										
- Dividends (Section II Note 15)	-	-	-	-	-	-	-	-	(6,721)	(6,721)
Treasury	-	-	-	-	-	-	-	-	-	-
Other shareholders	-	-	-	-	-	-	-	-	(3)	(3)
Employees	-	-	-	-	-	-	-	-	(6,718)	(6,718)
- Transferred to Equity Reserves (Section II Note 15)	-	-	-	-	213,571	-	-	-	(213,571)	-
- Share Premium	-	-	-	-	-	-	-	-	-	-
- Taxes and Funds	-	-	-	-	-	-	-	-	-	-
<u>Increase in Paid-in Share Capital:</u>										
- Cash	-	-	-	-	-	-	-	-	-	-
- Transfer from Revaluation Fund	-	-	-	-	-	-	-	-	-	-
- Transfers of Income related to Sales of Associates, Subsidiaries (Financial Investments) and Fixed Assets (Property and Equipment)	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	1,990,054	1,990,054
Balance at 31 December 2008	46,234	-	-	-	3,037,218	-	-	-	1,990,054	5,073,506

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL"), unless otherwise indicated.)

	Share Capital	1 st and 2 nd Group Legal Reserves	Share Premium	Other Legal Reserves	Legal Reserves	Bank Property and Equipment Revaluation Fund	Cost Increase Fund	Retained Earnings/ (Accumulated Deficit)	Net Profit for the year	Total Shareholders' Equity
Balance at 31 December 2006	46,234	-	-	-	642,222	-	-	-	3,102,457	3,790,913
Balance at 1 January 2007	46,234	-	-	-	642,222	-	-	-	3,102,457	3,790,913
<u>Net-off of Previous Year Losses:</u>	-	-	-	-	-	-	-	-	-	-
<u>Profit Distribution:</u>										
- Dividends (Section II Note 15)	-	-	-	-	-	-	-	-	(921,491)	(921,491)
Treasury	-	-	-	-	-	-	-	-	(921,334)	(921,334)
Other shareholders	-	-	-	-	-	-	-	-	(1)	(1)
Employees	-	-	-	-	-	-	-	-	(156)	(156)
- Transferred to Equity Reserves (Section II Note 15)	-	-	-	-	2,180,966	-	-	-	(2,180,966)	-
- Share Premium	-	-	-	-	-	-	-	-	-	-
- Taxes and Funds	-	-	-	-	-	-	-	-	-	-
<u>Increase in Paid-in Share Capital:</u>										
- Cash	-	-	-	-	-	-	-	-	-	-
- Transfer from Revaluation Fund	-	-	-	-	-	-	-	-	-	-
- Transfers of Income related to Sales of Associates, Subsidiaries (Financial Investments) and Fixed Assets (Property and Equipment)	-	-	-	-	-	-	-	-	-	-
Other (*)	-	-	-	-	459	-	-	-	-	459
Net profit for the year	-	-	-	-	-	-	-	-	220,292	220,292
Balance at 31 December 2007	46,234	-	-	-	2,823,647	-	-	-	220,292	3,090,173

(*) "Other" includes the amount of expired banknotes transferred to special reserves according to the 59th article of the Central Bank Law.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH SEE NOTE I.B.3**

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**PROFIT DISTRIBUTION TABLES FOR THE
YEARS ENDED 31 DECEMBER 2008 AND 2007**

(Amounts expressed in thousands of New Turkish Lira (“YTL”), unless otherwise indicated.)

PROFIT DISTRIBUTION TABLE	31 December 2008 (*)	31 December 2007 (**)
A. DISTRIBUTION OF PROFIT FOR THE YEAR		
1. Profit for the year	2,330,622	261,373
2. Taxes Payable and Legal Liabilities (-)	340,568	41,081
- Corporate Tax (Income Tax)	340,568	41,081
- Income Tax	-	-
- Other Taxes and Legal Liabilities	-	-
NET PROFIT FOR THE YEAR	1,990,054	220,292
3. Prior year losses (-)	-	-
4. Reserves (-)	-	213,571
5. Other legal funds (-)	-	-
DISTRIBUTABLE PROFIT FOR THE YEAR	-	6,721
6. Dividends to shareholders (-)	-	3
7. Dividends to employees (-)	-	6,718
Due to Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Turkish Treasury") according to the Central Bank Law No. 1211	-	-

(*) As of the date of this report, profit appropriation decision of the year 2008 net profit has not been taken by the Board. The profit appropriation of the Bank for the year 2008 will be finalized after the approval of the decision by the General Assembly of the Bank at 14 April 2009.

(**) In accordance with the decision taken at to the General Assembly dated 24 April 2008, no profit was distributed to Turkish Treasury since the Bank allocated reserves from the year 2007 profit based on the Article 469 of Turkish Commercial Code.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**STATEMENTS OF CASH FLOWS FOR THE
YEARS ENDED 31 DECEMBER 2008 AND 2007**

(Amounts expressed in thousands of New Turkish Lira ("YTL"), unless otherwise indicated.)

STATEMENTS OF CASH FLOWS	1 January - 31 December 2008	1 January - 31 December 2007
I- Cash Flows from Banking and Commercial Activities (Main Operations)		
Interest and Similar Income	7,148,768	5,234,121
Interest and Similar Expense	(5,455,062)	(4,797,908)
Dividends Received	4,248	4,022
Commissions and Fees Income/Expense, net	52,587	(119,074)
Payments to Personnel and Service Providers	(347,196)	(316,075)
Cash Flow from Employees Operational Income Before Changes in Operating Assets and Liabilities	1,403,345	5,086
Changes in Operating Assets and Liabilities:		
<u>(Increase)/Decrease in Operating Assets:</u>		
Decrease/(increase) in Marketable Securities, net	3,273,437	5,382,934
(Increase)/decrease in Loans, net	(5,505)	11,111
(Increase)/decrease in Other Assets, net	(16,174,631)	1,230,953
<u>Increase/(Decrease) in Operating Liabilities:</u>		
Increase/(decrease) in Deposits, net	16,429,725	(2,436,303)
Increase/(decrease) in Funds Borrowed, net	6,026,944	(2,004,366)
Increase/(decrease) in Other Liabilities, net	11,250,231	(95,840)
Net Cash Flow from Banking and Commercial Activities	22,203,546	2,093,575
II- Cash Flows from Financial and Non-financial Investments		
Equity Participations and Subsidiaries Purchased	-	-
Property and Equipment Purchased	(23,924)	(11,434)
Other Cash Inflows	3,064,728	1,268,049
Other Cash Outflows	(1,763,266)	(1,428,075)
Net Cash Flow Used in Financial and Non-financial Investments	1,277,538	(171,460)
III- Cash Flows Related to Equity Financing Activities	(6,721)	(921,491)
Net Increase in Cash and Cash Equivalents	23,474,363	1,000,624
Cash and Cash Equivalents at the Beginning of the Period	89,200,095	88,199,471
Cash and Cash Equivalents at the End of the Period	112,674,458	89,200,095

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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

(Amounts expressed in thousands of New Turkish Lira (“YTL”), unless otherwise indicated.)

**I - NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL
STRUCTURE**

A. Current year notes and explanations

(1) The financial statements of the Central Bank of the Republic of Turkey (“the Bank”) have not yet been approved by the Board as of 31 December 2008.

(2) (a) Detailed explanations of all basic accounting policies applied by the Bank:

The basis of presentation of the financial statements and the significant accounting policies applied are as follows:

i. Basis of Presentation of the Financial Statements

The Bank maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation and Central Bank Law No: 1211. According to the 57th and 58th articles of the Central Bank Law, the accounting period of the Bank is the calendar year. At the end of each calendar year, the Bank submits its balance sheet and income statement to the Prime Ministry along with the annual report prior to the General Assembly meeting and publishes the balance sheet in the Official Gazette.

Law No.5024 published in the Official Gazette No.25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and the following years, if the actual rate of inflation meets certain thresholds. The Bank applied inflation adjustments as of 31 December 2004 as the certain thresholds in the related law had been met. In the communiqué of the Ministry of Finance published on 19 April 2005, it has been stated that the conditions for the application of inflation accounting have not been realized, accordingly the Bank ceased the application of the inflation accounting principles starting from 1 January 2005.

ii. Application of Accounting Principles

Apart from the policies listed above, significant accounting principles applied in the preparation of the financial statements are as follows:

a. Accounting Principles

Financial statements have been prepared in accordance with the current Turkish legislation in effect as expressed in article “i” above.

b. Accounting of Income and Expense

All income and expenses are recognised on an accrual basis.

In accordance with the amendment, with the Law No:4651, to the 61st article of the Central Bank Law on 25 April 2001, in the event of a change in the value of the Turkish currency, the unrealised gains and losses arising from the revaluation of gold, foreign exchange and foreign currency indexed assets and liabilities of the Bank are classified into a transitory account “Valuation Differences” on the balance sheet. Realised foreign exchange differences originated from foreign currency sales and purchase transactions are reflected in the income statement at the transaction date.

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THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

(Amounts expressed in thousands of New Turkish Lira (“YTL”), unless otherwise indicated.)

**I - NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL
STRUCTURE (Continued)**

c. Provisions

Provisions include amounts deemed appropriate by the Board and the retirement pay provision, tax provision and insurance provision for money in transit that is provided for over the gross annual profit of the Bank in order to meet losses that may occur in the following years, in accordance with the 59th article of the Central Bank Law.

d. Foreign Currency Transactions

Foreign currency transactions are recorded at the foreign currency exchange rate applicable on the date of the transactions.

Gold is valued with the gold price quoted at the London Bullion market exchange at 10:30 am at 31 December 2008 and 2007, on the basis of 1 ounce being equal to 31.1035 grams.

Foreign currency denominated assets and liabilities are translated using the foreign currency bid rate of the Bank at the balance sheet date. Foreign exchange differences resulting from the translation are recorded as stated in article ‘b’ above.

In accordance with the process of compliance with the European Union set of rules and legislation, the foreign exchange gains or losses resulting from foreign exchange purchase and sale transactions is calculated using the ‘weighted average’ basis starting from 1 January 2006, in accordance with the “European Central Banks Guide” published by the European Central Bank.

e. Employment Termination Benefits

According to the Turkish legislation and labor union agreements, employment termination benefits are paid upon the retirement of employees or in the case of layoff. The amount payable depends on the rank and years of service, as defined in The Pension Fund for Civil Servants of the Republic of Turkey and Social Security and Public Health Insurance Law No: 5510. As of 31 December 2008 and 2007, the Bank calculated full provision for the employment termination benefits liability and recorded this provision in its financial statements.

f. Taxation

The Bank is subject to corporation tax in accordance with the Turkish tax legislation. In addition, the Bank is liable for income withholding tax of third parties.

The Corporate Tax Law (“New Corporate Tax Law”) No.5520 has come into effect with the announcement at the official Gazette No: 26205 dated 21 June 2007. Most of the articles of the New Corporate Tax Law are effective from 1 January 2006. Accordingly, corporation tax is payable, at a rate of 20% effective from 1 January 2006, on the total income of the Bank after adjusting for certain disallowable expenses and exempt income in accordance with tax legislation and Central Bank Law No:1211.

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As of 31 December 2008, the Bank recorded current year corporate tax provision amounting to YTL340,568 thousand (2007: YTL41,081 thousand).

g. Securities Portfolio

The securities portfolio consists of directly purchased government bonds and securities purchased under reverse repo transactions in order to regulate the money supply and liquidity in the economy in line with the monetary policy targets based on the 52nd article of the Central Bank Law related with the Open Market Operations.

The securities purchased by the Bank on its own account are measured at their fair values. The marketable security portfolio account represents the fair values of these securities.

Fair value of the securities is determined with reference to quoted market prices; in case the securities are not traded in a stock exchange fair value is determined using prices declared by the Bank and published in the Official Gazette. Positive valuation differences between cost and revalued amount are included in the “Securities Portfolio” in the balance sheet and in the “Interest Income-Positive Valuation Differences” account in the income statement. In case there exists negative valuation differences, they are included in the “Securities Portfolio” account in the balance sheet and in the “Interest Expense-Negative Valuation Differences” account in the income statement.

Securities purchased under reverse repo transactions are valued on an accrual basis using the straight-line method over the difference of the purchase and sale prices of the reverse repo transaction.

h. Equity Participations

The Bank recognizes its equity participations denominated in foreign currency at acquisition cost and translates them with the foreign currency bid rate announced by the Bank at the balance sheet date.

1. Liquidity Bills

The Bank records the liquidity bills with reference to its issue amount and measures them using prices declared by the Bank and published in the Official Gazette. The difference between the issue amount and the prices announced in the Official Gazette are recognised in the income statement and included in the “Interest Expense on Open Market Operations” account.

i. Derivative transactions- Interest rate futures

The derivative transactions of the Bank include the interest rate future transactions. The Bank recognizes the transaction amount of the interest rate future transactions initially under its off balance sheet commitments account and recognizes the initial margin under the balance sheet accounts in accordance with the cash or security nature of the collateral.

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Future transactions are recognized at their fair value in the international markets as of balance sheet date. The daily price changes of the futures contracts are recorded under “Other Assets” and “Other Liabilities” accounts as well as current accounts of the relevant financial institutions. At month ends, the balances in “Other Assets” and “Other Liabilities” accounts are transferred to the income statement as income or expense accrual. In case of sales of futures contracts or at the maturity of the futures contracts, the difference between market price and transaction price is also recognized in the income statement.

iii. Turkish Lira

In accordance with the Article 1 of the Law numbered 5083 concerning the “Currency of the Republic of Turkey” and according to the Decision of The Council of Ministers dated 4 April 2007 and No: 2007/11963, the prefix “New” used in the “New Turkish Lira” and the “New Kuruş” was removed as of 1 January 2009. When the prior currency, New Turkish lira (“YTL”), values are converted into TL and Kr, YTL1 and YKr1 is equivalent to TL1 and Kr1, respectively.

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments is considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaced the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

(2) (b) Changes in accounting policies in the current year and their financial effects:

There are no changes in accounting policies in the current year.

(3) Compliance with the fundamental accounting principles of going concern, matching and consistency:

These financial statements have been prepared based on the going concern assumption which is one of the fundamental principles of accounting, assuming that the Bank will continue its operations without interruption in the future.

(4) The effect of any changes in the valuation methods affecting the year-end results of the Bank:

There are no changes in the valuation methods in the current year.

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**(5) Detailed explanation of the valuation methods used for securities (Including Equity
Participations, Subsidiaries, and Long-term Securities) in the order given below:**

A. Securities Portfolio

As of 31 December 2008 and 2007:

YTL Denominated Securities

1- Equity Shares - None (2007: None).

2- Other Securities:

- a) Securities indexed to inflation and foreign currency - Outright purchase securities of the Bank are valued with prices announced daily in the Official Gazette.
- b) Fixed Income Securities: Securities purchased under reverse repurchase agreements are carried at cost and interest income accrual is calculated as the difference between purchase price and sales price of the repurchase agreement for the related reporting period (2007: None).
- c) Securities with variable interest rate: Securities purchased under reverse repurchase agreements are carried at cost and interest income accrual is calculated as the difference between purchase price and sales price of the repurchase agreement for the related reporting period (2007: None).

Foreign Currency Denominated Securities

Foreign currency denominated securities is classified in the “Correspondent Bank” account in the balance sheet.

1- Equity Shares - None (2007: None).

2- Other Securities

- a) Securities indexed to inflation and foreign currency - None (2007: None).
- b) Fixed Income Securities - Foreign currency denominated securities are marked to market with prices determined in the foreign stock exchange markets in which they are traded.
- c) Securities with variable interest rate - None (2007: None).

3- Gold (*) - Gold is valued according to the gold price quoted at the London Bullion Market at 10:30 am at 31 December 2008 and 31 December 2007, on the basis of 1 ounce being equal to 31.1035 grams.

(*) Gold is classified in the balance sheet under the “Gold” account.

B. Equity Participations

YTL Denominated

None (2007: None).

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Foreign Currency Denominated

They are valued at the Bank's foreign exchange bid rate at the balance sheet date.

C. Subsidiaries

The Bank has no YTL or foreign currency denominated subsidiaries as of 31 December 2008 and 2007.

D. Long-term Securities

The Bank has no YTL or foreign currency denominated securities as of 31 December 2008 and 2007.

(6) Method of depreciation, any changes in method during the current year and monetary effects of such changes

Property and equipment are subject to depreciation on a straight-line basis based on their economic useful lives. There has been no change in the depreciation method during the current year. The annual depreciation rates applied are as follows:

Buildings	2 - 4%
Vehicles, Furniture and Fixtures	2 - 33%
Leasehold Improvements	20%

The property and equipments that are acquired by the Bank after 1 January 2005, have been depreciated by using the useful lives stated in the communiqués numbered 333, 339 and 365 of the Tax Law.

The effect of revaluation on property and equipment until 31 December 2004 has been removed, due to the adjustments on property and equipment in accordance with Law No: 5024 that stipulates the application of inflation accounting on tangible assets.

In accordance with the tax law that was published in the Official Gazette dated 30 December 2003, and effective from 1 January 2004, the statutory financial statements have been prepared by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the New Turkish Lira. Since the conditions stated in the tax law for the application of inflation accounting have not been realised after 1 January 2005, the statutory financial statements are not adjusted for the changes in the general purchasing power of New Turkish Lira after this date.

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- (7) **The US dollar bid rates used in the preparation of the balance sheet at year-end and the US dollar bid rates announced by the Bank for the last five working days prior to balance sheet date are as follows:**

	31 December 2008	31 December 2007
A. The Bank’s “Exchange Rate for the Translation of Foreign Currency Items” (1 US dollar \$= YTL)	1.5123 YTL	1.1647 YTL
B. US dollar bid rates at the date of balance sheet date and for the last five working days prior to balance sheet date are as follows:		
US dollar bid rate at the date of balance sheet	1.5123 YTL	1.1647 YTL
US dollar bid rates for the five working days prior to balance sheet date		
Bid rate of the 1st Day	1.5065 YTL	1.1708 YTL
Bid rate of the 2nd Day	1.4971 YTL	1.1715 YTL
Bid rate of the 3rd Day	1.5074 YTL	1.1746 YTL
Bid rate of the 4th Day	1.5112 YTL	1.1799 YTL
Bid rate of the 5th Day	1.5152 YTL	1.1827 YTL

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(8) Information on assets and liabilities denominated in foreign currencies, their US\$ and YTL equivalents and the foreign currency position is as follows:

	31 December 2008		31 December 2007	
	Thousand YTL	Million US\$	Thousand YTL	Million US\$
I-Foreign Currency Assets				
1) Gold	5,016,931	3,317	3,736,492	3,208
2) Foreign Currency Reserves	107,384,842	71,008	85,392,444	73,317
3) Coins	-	-	-	-
4) Domestic Correspondents	213,234	141	-	-
5) Securities Portfolio	-	-	-	-
6) Domestic Loans	389	-	374	-
7) Open Market Operations	-	-	-	-
8) Foreign Loans	38,111	25	32,621	28
9) Equity Participations	23,559	16	18,493	16
10) Property and Equipment (Net)	-	-	-	-
11) Loans Under Legal Follow-Up (Net)	-	-	-	-
12) Treasury Liabilities Due To SDR Allocations	264,067	175	207,285	178
13) Valuation Account	-	-	-	-
14) Interest and Income Accruals	4,426	3	6,201	5
15) Miscellaneous Receivables	2,322	2	1,743	1
16) Other Assets	465	-	-	-
Off-Balance Sheet Items				
17) Forward Purchase Transactions	-	-	-	-
Total Foreign Currency Assets	112,948,346	74,687	89,395,653	76,753
II-Foreign Currency Liabilities				
1) Currency in Circulation	-	-	-	-
2) Due to Treasury	279,741	185	219,004	188
3) Foreign Correspondents	1,143	1	852	1
4) Deposits				
a) Public Sector	11,312,699	7,480	10,451,051	8,973
b) Banking Sector	21,702,652	14,351	19,673,407	16,891
c) Miscellaneous	20,788,140	13,746	18,688,990	16,046
d) International Institutions	6,201	4	6,046	5
e) Funds	3,549,362	2,347	1,742,790	1,496
5) Open Market Operations	-	-	-	-
6) Foreign Loans	13,760	9	10,906	9
7) Import Transfer Orders and Deposits	776,818	514	858,737	737
8) Notes and Remittances Payable	29,571	20	73,477	63
9) SDR Allocation	264,067	175	207,285	178
10) Provisions	-	-	-	-
11) Valuation Account	-	-	-	-
12) Interest and Expense Accruals	886,867	586	853,180	733
13) Miscellaneous Payables	50,512	33	66,077	57
14) Other Liabilities	268,164	177	59,910	51
Off-Balance Sheet Items				
15) Forward Sale Transactions	-	-	-	-
Total Foreign Currency Liabilities	59,929,697	39,628	52,911,712	45,428
Net Foreign Currency Position	53,018,649	35,059	36,483,941	31,325

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(9) Book value of property and equipment, the accumulated depreciation and their insurance coverage:

	31 December 2008				31 December 2007			
	Cost	Accumulated depreciation	Net book value	Insurance coverage	Cost	Accumulated depreciation	Net book value	Insurance coverage
Movables	96,964	77,586	19,378	97,893	83,160	68,415	14,745	81,318
Immovables	325,514	58,714	266,800	285,721	316,361	52,297	264,064	283,249
	422,478	136,300	286,178	383,614	399,521	120,712	278,809	364,567

(10) Information on significant contingent losses and gains, that cannot be quantified:

As of 31 December 2008, there are number of legal proceedings outstanding against the Bank amounting to YTL76,691 thousand, US\$379,320 and EUR338,098 (2007: YTL80,204 thousand, US\$410,099 and EUR352,652). No provision has been made in the accompanying financial statements for such legal proceedings.

(11) Other matters that may have a material effect on, or be explained for the clear understanding of the financial statements:

Valuation Account

As explained in the article 2-a-ii-b, part "A. Notes and Explanations related to the Current Year" of the section - I "Notes and Explanations related to the Bank and its Financial Structure", the "Valuation Account" in the balance sheet represents the unrealized foreign exchange gains and losses as at the balance sheet date. Realized foreign exchange gains and losses are recognized in the income statement at the transaction date.

Financial Crisis in International Markets and its Effects

The recent global financial crisis in 2008 has significantly influenced the Bank's liquidity and exchange rate policies. The Bank has taken the necessary measures gradually in order to minimize the impacts of the problems in developed countries' markets on markets and credit mechanism in Turkey.

B. Other notes and explanations

(1) Events occurred after the balance sheet date, affecting the financial activities and/or financial structure significantly and therefore require explanation:

In the meeting of General Assembly of the Bank that will be held on 14 April 2009, the General Assembly will make a decision on the payment of dividend to employees after making deductions from the 2008 net profit amounting to YTL1,990,054 thousand in relation with the percentages specified in article 60 paragraphs (a) and (b) of the Central Bank Law, at most 5% of the remaining amount not exceeding their two months salary and 10% of the remaining amount will be allocated as extraordinary reserves.

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(2) Information on the Bank's foreign branches:

There are no foreign branches; however the Bank has representatives in Frankfurt, London, New York and Tokyo.

(3) The effects of differences between accounting principles and standards set out by the related legislation in Turkey and the Central Bank Law, and accounting principles generally accepted in countries in which these financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these financial statements. Accordingly, these financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

C. The Independent Audit Firm and the Independent Auditor's Report (in accordance with the format presented in the legislation)

The financial statements for the year ended 31 December 2008 have been audited by Bařaran Nas Bađımsız Denetim ve Serbest Muhasebeci Mali Műřavirlik A.ř. ("a member of PricewaterhouseCoopers") and an unqualified opinion is expressed in the auditor's report. The independent audit opinion is presented prior to the financial statements and notes to the financial statements.

**II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE
SHEET COMMITMENTS:**

(1) Gold Account

In accordance with the 53rd article of the Central Bank Law, the Bank manages gold and foreign exchange reserves in the context of the monetary policy targets and applications. For this purpose the Bank performs banking operations in domestic and foreign markets including forward or spot purchase/sale of gold, foreign currency, marketable securities, derivative instruments and lending/borrowing transactions in accordance with the procedures and rules determined by its own safe investment, liquidity and yield priorities.

As of 31 December 2008, the Bank owns 116,103,753 (2007: 116,103,753) net grams of gold in international standards and 3,183,297 (2007: 3,183,297) net grams of gold in non-international standards. 82,433,108 (2007: 82,433,108) grams of the gold in international standards is kept at the Bank of England and Federal Reserve Bank of New York and 33,670,645 (2007: 33,670,645) grams is kept at the Head Office of the Bank. The total amount of gold in non-international standards is kept at the Head Office of the Bank; 345,575 (2007: 345,575) grams of gold in non-international standards belongs to the Turkish Treasury and the related liability is presented in the balance sheet under the "Due to Treasury" account.

The gold amount as of 31 December 2008 and 2007 is valued with the gold prices quoted on the London Bullion Market at 10:30 am, as of 31 December 2008 and 2007, on the basis of 1 ounce being equal to 31.1035 grams.

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE
SHEET COMMITMENTS (Continued)

(2) The Foreign Currency Reserves Account

Correspondent Bank Accounts

	31 December 2008		31 December 2007	
	Amount Thousand YTL	US\$ Equivalent (Million US\$)	Amount Thousand YTL	US\$ Equivalent (Million US\$)
Current Accounts	5,643,140	3,732	6,165,067	5,293
Marketable Securities Portfolio	100,905,888	66,723	78,694,993	67,567
Total	106,549,028	70,455	84,860,060	72,860

Correspondent bank accounts consist of the current accounts and marketable securities held as foreign currency reserve in foreign correspondent banks. The marketable securities portfolio consists of foreign currency government bonds and treasury bills issued by foreign financial institutions and kept in foreign banks.

As of 31 December 2008, marketable securities held for reserve purposes amounting to YTL100,905,888 thousand (2007: YTL78,694,993 thousand) are valued with the quoted prices in the international markets at the balance sheet date.

Under the current accounts of the Bank, there are bank placements deposited in the foreign correspondents amounting to YTL45,219 thousand (2007: YTL139,408 thousand) and bonds issued by the US Treasury amounting to YTL339,380 thousand (2007: YTL161,589 thousand) purchased on behalf of the Turkish Defense Fund against the deposit of the Turkish Defense Fund amounting to YTL450,671 thousand (2007: YTL345,491 thousand). Securities held on behalf of the Turkish Defense Fund are not valued with the quoted prices and are carried at incurred cost. The Bank acts as intermediary regarding the securities and bank placements deposited in the foreign correspondents of the Turkish Defense Fund.

(3) Domestic Correspondents

Interbank Money Market transactions where the Bank acts as an intermediary are recognized in the domestic correspondents account under assets and in the bank deposits accounts under liabilities. The Bank carries the default risk of the borrower counterparty in these transactions against the collaterals taken from these counter parties.

The interest accrual amount of the Interbank Money Market Transactions, where the Bank acts as intermediary, is recorded under the account “Interest and Income/Expense Accrual” in the balance sheet and under the accounts “Other Interest Income” and “Other Interest Expense” in the income statement.

The amount of foreign currency interbank money market transactions where the Bank acts as intermediary is YTL213,234 thousand as of 31 December 2008 (2007: None). As of 31 December 2008 and 2007, there are no YTL interbank money market transactions where the Bank acts as intermediary.

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

As of 31 December 2008, the Bank acted as a counterparty in YTL interbank transactions where the borrowing amount is YTL9,935,300 thousand (2007: YTL2,917,500 thousand), which is classified in the “Open Market Operations - Other” account under liabilities. The interest expense accrual amounting to YTL4,140 thousand (2007: YTL1,276 thousand) related to this account is classified under “Interest and Expense Accruals” account.

(4) Marketable Securities and Open Market Operations

(a) Information on the Marketable Securities Account

As of 31 December 2008, the marketable securities portfolio amounting to YTL13,653,502 thousand (2007: YTL16,926,939 thousand) consists of government bonds with outright purchase.

As of 31 December 2008, the marketable securities portfolio consists of securities purchased under reverse repo transactions amounting to YTL20,000,000 thousand (2007: None). As of 31 December 2008, “Interest and Income Accruals” account also includes YTL35,812 thousand of income accrual of the securities purchased under reverse repo transactions calculated by using simple interest rate and straight line method (2007: None).

Breakdown of securities portfolio as at 31 December 2008 is as follows:

	31 December 2008			
	Acquisition Cost	Accrual (net)	Carrying Amount	Official Gazette Value
<u>Purchases under Agreements to Resell:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	7,978,528	12,955	7,978,528	7,978,528
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	12,021,472	22,857	12,021,472	12,021,472
<u>Outright Purchases:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Indexed to Inflation	13,794,322	(140,819)	13,653,502	13,653,502
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
TOTAL	33,794,322	(105,007)	33,653,502	33,653,502

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

Breakdown of securities portfolio as at 31 December 2007 is as follows:

	31 December 2007			
	Acquisition Cost	Accrual (net)	Carrying Value	Official Gazette Value
<u>Purchases under Agreements to Resell:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<u>Outright purchases:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Indexed to Inflation	16,719,932	207,007	16,926,939	16,926,939
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
TOTAL	16,719,932	207,007	16,926,939	16,926,939

As of 31 December 2008 and 2007, the nominal values of YTL marketable securities acquired by outright purchases amount to YTL13,028,024 thousand and YTL16,028,024 thousand, respectively. As of 31 December 2008, the nominal values of YTL marketable securities purchased under agreements to resell amount to YTL19,613,680 thousand (2007: None).

(b) Information on Open Market Operations

As of 31 December 2008, the amount of YTL20,060,925 thousand (2007: None) under the account “Open Market Operations” on the asset side of the balance sheet is the return amount of the YTL marketable securities purchased under agreements to resell.

As of 31 December 2008, the account “Repurchase Agreements” under “Open Market Operations” on the liability side of the balance sheet amounting to YTL20,000,000 thousand (2007: None) represent the purchase amount of the marketable securities purchased under reverse repo transactions, the “Other” account under “Open Market Operations” on the liability side of the balance sheet amounting to YTL9,935,300 thousand (2007: YTL2,917,500 thousand) represent the borrowing of the Bank through the Interbank Money Market.

As of 31 December 2008, YTL60,925 thousand (2007: None), the amount to be received at the sales date of the securities purchased under agreements to resell, is followed under the “Other Liabilities” account

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(5) Loans

(a) Information on Domestic Loans:

As of 31 December 2008, YTL389 thousand (2007: YTL374 thousand) classified under domestic loans represents the discount loans extended to Türkiye İhracat ve Kredi Bankası A.Ş. (“Eximbank”).

(b) Information on Loans and Advances Given to Shareholders and Bank Personnel

None (2007: None).

(c) Information on the Foreign Loans Account:

Foreign loans accounts were initially used to follow the receivables for the commercial transactions made under treaties with the relevant countries’ central banks which here are subsequently converted to loans.

(d) Information on Loans under Legal Follow-up (net) Account:

The total balance consists of receivables related with the trading transactions with Iraq and became uncollectible due to the Gulf Crisis. Full allowance for these receivables has been established in these financial statements.

Movements in the allowance for loans and receivables under legal follow-up account:

	31 December 2008		31 December 2007	
	Thousand YTL	Thousand US\$	Thousand YTL	Thousand US\$
Opening Balance	1,709,292	1,467,581	1,961,972	1,395,825
- Increases during the period (+) (*)	55,828	42,814	92,399	71,756
- Transfers from other follow-up accounts (+)	-	-	-	-
- Transfers to other follow-up accounts (-)	-	-	-	-
- Collections during the period (-)	-	-	-	-
- Write-offs (-)	-	-	-	-
- Foreign exchange differences	519,051	-	(345,079)	-
Closing balance	2,284,171	1,510,395	1,709,292	1,467,581
- Special Allowance (-)	2,284,171	1,510,395	1,709,292	1,467,581
Net balance after allowance	-	-	-	-

(*) As of 31 December 2008, YTL55,828 thousand (2007: YTL92,399 thousand) represents interest accruals of the loans and receivables under follow-up in the reporting period.

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According to the 61st article of the Central Bank Law, foreign currency denominated loans under follow-up are revalued at the period ends and unrealized gains and losses arising from the revaluation are classified into the transitory “Valuation Differences” account. Allowances for the related receivables including foreign currency rate differences are recorded in the income statement according to the 59th article of the Central Bank Law.

(6) Equity Participations

Equity participations are stated at acquisition cost and valued with the Bank’s foreign currency bid rate at the year-end.

As of 31 December 2008 and 2007, the Bank’s equity participations can be analysed as follows:

Name	Share (%)	Total paid-in share capital	31 December 2008 Acquisition Cost	31 December 2007 Acquisition Cost	31 December 2008 Carrying Amount	31 December 2007 Carrying Amount
Bank for International Settlements (BIS)	1.5	SDR684 million	(*) SDR10,000,000	SDR10,000,000	23,513	18,458
S.W.I.F.T.	0.007	EUR14 million	EUR21,440	EUR20,880	46	35
Total equity participations					23,559	18,493

(*) The Bank owns 8,000 shares in BIS with respect to the paid capital of SDR10,000,000 and unpaid (capital commitment) capital of SDR30,000,000.

During the year 2008, CHF3,516 thousand equivalent to YTL4,248 thousand (2007: CHF3,795 thousand equivalent to YTL4,022 thousand) was collected as dividend income and YTL3,771 thousand (2007: YTL2,924 thousand) has been accrued as dividend accrual as of 31 December 2008.

There have been no additions or disposals to the equity participation account in the current and previous period.

(7) Property and Equipment

The Bank has no repossessed immovable due to receivables. As of 31 December 2008, the cost of immovable and related accumulated depreciation amounts to YTL325,514 thousand (2007: YTL316,361 thousand) and YTL58,714 thousand (2007: YTL52,297 thousand), respectively, whereas the cost of movables and related accumulated depreciation amounts to YTL96,964 thousand (2007: YTL83,160 thousand) and YTL77,586 thousand (2007: YTL68,415 thousand), respectively.

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SHEET COMMITMENTS (Continued)**

(8) Miscellaneous Receivables

Receivables from third parties other than the banking and public sector institutions are followed in this account.

The breakdown of miscellaneous receivables is as follows:

	31 December 2008	31 December 2007
Withholding tax that will be deducted from corporate income tax	179,031	361
YTL deposit accounts that are held in the foreign banks	16,726	21,861
Letter of credit amount of banknote printing plant	8,178	2,244
Temporary tax that will be deducted from corporate income tax	-	12,857
Corporate income tax receivable	1,344	-
Deposits and advances given	1,065	1,129
Other	5,056	1,565
Total miscellaneous receivables	211,400	40,017

(9) Other Assets

The breakdown of other assets is as follows:

	31 December 2008	31 December 2007
Printing plant inventory	27,418	13,118
Construction in progress	6,750	4,351
Other materials and warehouses	2,933	2,905
Collection banknote depot	1,664	1,389
Amounts to be written off according to court decision	557	250
Amounts that will be recorded to correspondent accounts at settlement date	465	-
Prepaid expenses	445	499
Medallion depot	340	409
Fees paid for property and equipment purchases	-	1,343
Other	1,500	1,626
Total other assets	42,072	25,890

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SHEET COMMITMENTS (Continued)

(10) Interest and Income Accruals

	31 December 2008	31 December 2007
Accrued interest income on securities purchased under agreements to resell	35,812	-
Dividend income accruals	3,771	2,924
EFT commission income accrual	3,408	3,117
Foreign loans accrued interest income	67	73
Foreign currency deposit accrued interest income	46	2,505
Other	588	740
Total	43,692	9,359

(11) Currency in Circulation

According to the Central Bank Law 1st article, the Bank has the privilege of issuing banknotes in Turkey. As of 31 December 2008, the banknotes in circulation amount to YTL31,743,434 thousand (2007: YTL27,429,389 thousand).

(12) Due to Treasury

As of 31 December 2008, YTL14,534 thousand (2007: YTL10,825 thousand) of Due to Treasury account consists of gold in non-international standards, kept by the Bank on behalf of the Turkish Treasury and YTL36,569 thousand (2007 : YTL28,361 thousand) of Due to Treasury account consists of tax and other liabilities payable to the Turkish Treasury.

As of 1 November 2006, under the scope of the membership to the International Monetary Fund ("IMF"), the country quota of Turkey increased by SDR227,300,000 reaching SDR1,191,300,000. 25% of the quota increase in the amount of SDR56,825,000 has been paid in cash and the rest of the increase in the amount of SDR170,475,000 has been paid in securities denominated in YTL to the account of IMF at the Bank.

Reserve Tranche Position represents the prepayment of the total IMF quota of SDR1,191,300,000, amounting to SDR112,775,000 and is recorded in the "Foreign Currency Reserves - Reserve Tranche Position" account under the assets and in the "Due to Treasury - Reserve Tranche Position" account under liabilities. As of 31 December 2008, the balance of the account amounts to YTL265,168 thousand (2007: YTL208,149 thousand).

SDR112,307,000 that has been consigned to Turkey as of protocol date and has been used by Turkish Treasury is displayed as "Treasury Liabilities due to SDR Allocation" under "Assets" and as "SDR Allocation" under "Liabilities". As of 31 December 2008, the balance is YTL264,067 thousand (2007: YTL207,285 thousand)

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(13) Foreign Correspondents

This account represents the foreign currency accounts of the correspondent banks.

(14) Deposit Accounts

The deposits balance is composed of deposits from the Turkish Treasury, public institutions, the banking sector, citizens abroad, international institutions and other funds.

Public and Banking Sector Deposits

According to the Central Bank Law article 41, the Turkish Treasury and public institutions accounts are non-interest bearing accounts with no maturity.

The balance of the banking sector consists of two-day notice foreign currency accounts, YTL demand deposits accounts and reserve deposits.

Deposits by citizens abroad

As of 31 December 2008 and 2007, deposits by citizens abroad amounting to YTL20,723,600 thousand and YTL18,635,507 thousand, respectively consist of deposits by Turkish citizens living abroad.

Maturities of the deposits by citizens abroad vary between 1 to 3 years and interest rates vary according to the maturity and balance of the deposit account.

The breakdown of the deposits by citizens abroad according to foreign currency type is as follows:

Foreign Currency Type	31 December 2008			31 December 2007		
	Foreign Currency Balance (000)	Thousand YTL	Interest Rates (*)	Foreign Currency Balance (000)	Thousand YTL	Interest Rates (*)
EUR	9,156,802	19,602,882	0.25%-3.25%	10,294,966	17,606,450	0.25%-3.75%
US\$	680,555	1,029,203	0.25%-2.75%	814,594	948,757	0.25%-4.50%
CHF	58,657	83,880	0.25%-0.75%	68,104	69,963	0.25%-0.75%
Other	3,484	7,635	0.25%-4.00%	4,443	10,337	0.25%-4.00%
Total		20,723,600			18,635,507	

(*) Prior to 6 March 2006, accounts denominated in EUR, US\$, GBP and CHF are rolled over, unless there is a customer request to the contrary, at the rate of 0.25%. Minimum interest rates of the deposit accounts other than the ones that have ceased to be applied are 2.25%, 2.00%, 0.75% and 4.00% for EUR, US\$, CHF and GBP respectively as of 31 December 2008 (2007: 2.25%, 3.00%, 0.75% and 4.00% for EUR, US\$, CHF and GBP respectively).

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SHEET COMMITMENTS (Continued)

International Institutions Deposits

The International Institutions deposit balance is the YTL thousand equivalent of the balance transferred by IMF as "special drawing rights" ("SDR"). The Bank is designated as "the depositor" to regulate the relations of the Turkish Treasury and the IMF. As of 31 December 2008, in line with the agreements between IMF and the Turkish Treasury, the amount of YTL6,201 thousand (2007: YTL6,046 thousand) which represents the minimum quota amount is recorded in the "Deposit" accounts.

Deposits of Funds

Deposits of funds consist of the demand accounts of various funds controlled by the Prime Ministry of the Republic of Turkey.

(15) Capital and Reserves

According to the 5th article of the Central Bank Law, the capital of the Bank is YTL25,000 and it is divided into 250,000 shares, with a value of YKr10 each. The capital may be increased with the approval of the Government. The shares are divided into (A), (B), (C) and (D) classes. The (A) group shares belong solely to the Turkish Treasury and cannot be lower than 51% of capital.

As of 31 December 2008 and 2007, the capital of the Bank is presented below:

	31 December 2008	31 December 2007
Share capital	25	25
Adjustment to share capital	46,209	46,209
Total capital	46,234	46,234

The shareholders of the Bank are as listed below:

	31 December 2008		31 December 2007	
	Participation Amount YTL	Share %	Participation Amount YTL	Share %
Turkish Treasury	13,680	55	13,680	55
T.C. Ziraat Bankası A.Ş.	4,806	19	4,806	19
T.C.M.B. Mensupları Sosyal Güvenlik Yardımlaşma Sandığı Vakfı	1,280	5	1,280	5
Türkiye Garanti Bankası A.Ş.	621	3	621	3
T. İş Bankası A.Ş.	582	2	582	2
T.C. Sosyal Güvenlik Kurumu	350	2	350	2
Türkiye Kızılay Derneği	301	1	301	1
T. Halk Bankası A.Ş.	277	1	277	1
Other	3,103	12	3,103	12
Total nominal share capital	25,000	100	25,000	100

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SHEET COMMITMENTS (Continued)**

20% of the annual gross profit of the Bank is allocated as special reserves each year. In addition, after the deduction of legal reserves on gross profit and first dividends to shareholders, 10% of the remaining balance is allocated as extraordinary reserves.

In accordance with the decision of the General Assembly dated 24 April 2008, the Bank distributed YTL6,721 thousand to its employees and other shareholders as dividend out of the 2007 profit amounting to YTL220,292 thousand and the remaining balance amounting to YTL213,571 thousand was transferred to other reserves.

(16) Provisions

Retirement Pay Provision

As of 31 December 2008, the Bank calculated retirement pay provision amounting to YTL84,564 thousand (2007: YTL79,845 thousand) and recorded the full provision under the provision account.

Corporate Tax Provision

As of 31 December 2008, the Bank has calculated current year corporate tax provision amounting to YTL340,568 thousand (2007: YTL41,081 thousand) and recorded this amount under the provision account.

Insurance Provision for Money in Transit

As of 31 December 2008, the Bank, calculated provision for the transfer insurance of banknotes, cash and securities amounting to YTL45,353 thousand (2007: YTL42,477 thousand) and recorded the provision amount under the provision account.

(17) Valuation Account

According to the amendment, with the Law No: 4651, to the 61st article of the Central Bank Law on 25 April 2001, valuation account represents, the unrealized valuation gains and losses, arising from the revaluation of gold and foreign exchange, under assets and liabilities of the Bank, due to a change in the value of the local currency.

In accordance with the process of compliance with the European Union set of rules and legislation, the foreign exchange gains or losses resulting from foreign exchange purchase and sale transactions is calculated using the ‘weighted average’ basis starting from 1 January 2006, in accordance with the “European Central Banks Guide” published by the European Central Bank. Under this weighted average method, the date 1 January 2006 has been accepted as the starting point and the cost of the net foreign currency position of the Bank has been determined using the prevailing foreign exchange bid rates announced by the Bank as of 31 December 2005.

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SHEET COMMITMENTS (Continued)

(18) Other Liabilities and Miscellaneous Payables

Other Liabilities

	31 December 2008	31 December 2007
Correspondent account transactions with value dates on the next financial year	268,079	59,892
Fair value difference changes of marketable securities	60,925	-
Withholding tax of accrued income on reverse repo transactions	5,372	-
Tender collaterals	-	3,438
Other	5,567	1,863
Total	339,943	65,193

Miscellaneous Payables

	31 December 2008	31 December 2007
Blocked accounts for pending court cases	30,779	23,701
Interest accrued on deposit accounts below specified limits	7,035	5,651
Blocked accounts of tax courts and courts for claim	4,848	2,154
Amount pending due to late application of beneficiary	1,845	1,118
Creditors of foreign currencies that were deposited as trust	484	506
Republic of Turkey Government Gulf Crisis guarantee account (*)	4	27,956
Other	7,330	6,698
Total	52,325	67,784

(*) The amount represents the compensation transferred by the United Nations Compensation Committee to be given to the Turkish real and legal persons who has experienced losses due to Gulf Crises in Kuwait and Iraq. Within the year 2008, the balance of “Republic of Turkey Government Gulf Crises Guarantee Account” as of 31 December 2007 amounting to YTL27,956 thousand was transferred to related real and legal persons accounts.

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE
SHEET COMMITMENTS (Continued)

(19) Interest and Expense Accruals

	31 December 2008	31 December 2007
Interest expense accruals on deposits by citizens abroad	826,493	765,296
Interest expense accruals on reserve deposits	617,091	503,586
Interest expense accruals on bank deposits with two days notice	17,278	24,417
Interest expense accruals on interbank transactions in which the Bank acts as a counterparty	4,140	1,276
Interest expense accruals on IMF charges	594	1,385
Commissions payable (*)	-	19,947
Other	3,116	2,748
Total	1,468,712	1,318,655

(*) Monthly commission payments to T.C. Ziraat Bankası A.Ş. ("Ziraat Bankası") which were accounted under the "Interest and expense accruals" in return for the transactions of Turkish Treasury undertaken by Ziraat Bankası in regions where there are no branches of the Bank was ceased starting from the end of the year 2007 in accordance with the protocol signed between the Turkish Treasury and Ziraat Bankası.

(20) Liquidity Bills

Central Bank Law No. 1211 Article 52, with an aim to efficiently regulate the money supply and liquidity in the economy within the framework of monetary policy targets, has empowered the Bank to issue Liquidity Bills whose maturity shall not exceed 91 days and that shall be tradable in the secondary markets, for the Bank's own account and behalf. Within the legal framework of this authorization, the Central Bank has set the legal procedures of issuing liquidity bills with "The Communiqué Related to Liquidity Bills" published in the Official Gazette No. 26310 dated 5 October 2006. In this context, liquidity bills amounting to YTL993,710 thousand are recorded in the "Liquidity Bills" account as of 31 December 2007. Nominal value of YTL1,000,000 thousand has been also recorded in the Off Balance Sheet accounts of the Bank. As of 31 December 2008, the Bank has no liquidity bills issued.

(21) Derivative Instruments and Off-balance sheet Commitments

As of 31 December 2008, the Bank has interest futures contracts with a nominal value of US\$70,868 thousand (2007: US\$135,066 thousand), recorded under the off-balance sheet liabilities. With reference to these contracts, a valuation is performed on a daily basis with market prices and in the case of profit in favor of the Bank, the profit amount is deposited to the Bank's current account by the counterparty financial institution; in the case of loss, the loss amount is transferred from the current account of the Bank to the account of the counterparty financial institution. The Bank keeps collateral, for the futures contracts, amounting to YTL602 thousand as of 31 December 2008 (2007: YTL429 thousand) in the correspondent accounts.

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As of 31 December 2008 and 2007, YTL and foreign currency denominated securities expressed in YTL thousand over their nominal values; blank letter of credits, letter of credits that account owners entrust for maintenance, gold and silver medallions and badges obtained as service award, banknote samples, specimen catalogues, cheques with unknown costs are expressed in units.

OFF - BALANCE SHEET COMMITMENTS	31 December 2008			31 December 2007		
	YTL	FC	UNITS	YTL	FC	UNITS
A. Securities in Custody	164,101,736	10,536,674	29	151,737,361	21,633,226	34
1. Marketable Securities in Custody - Free	156,183,704	10,367,190	1	146,862,351	19,297,553	1
2. Deal Securities	924,330	2,384	7	906,901	2,029	7
3. Marketable Security Exchange Market - Banks' Guarantee Letters	110,359	-	-	129,239	-	-
4. Savings Deposit Insurance Fund's Securities, exempt from income tax	2,191,376	161,695	-	966,258	-	-
5. Other	4,691,967	5,405	21	2,872,612	2,333,644	26
B. Guarantees Taken	18,567,411	7,556,816	260	10,254,010	2,232,485	277
1. Banks' Treasury Bonds as Foreign Currency Market Guarantees	2,537,922	5,760,093	-	539,056	1,053,735	-
2. Bonds as Interbank Money Market Operations Guarantees	8,447,623	-	-	7,919,227	1,134,145	-
3. Bonds accepted as Guarantees for Money Market Transactions	5,603,932	1,668,685	-	1,760,584	-	-
4. Bonds for accepted as Guarantees for TL Banknotes and Coins	1,696,788	69,566	-	-	-	-
5. Intermediary Firms' Pledged Treasury Bonds	22,058	-	-	22,580	-	-
6. Other	259,088	58,472	260	12,563	44,605	277
C. Reserve Banknotes	40,630,205	-	-	37,360,938	-	-
1. Reserve Banknotes	6,637,675	-	-	36,504,509	-	-
2. Reserve Banknotes - Branches	32,200,562	-	-	417,110	-	-
3. Reserve Banknotes - kept in Ziraat Bank	140,080	-	-	246,055	-	-
4. Obsolete Banknotes	374,299	-	-	193,264	-	-
5. TL Banknotes	1,277,589	-	-	-	-	-
D. Other	116,774,446	2,379,881	1,024,668	113,616,819	2,548,639	274,988
1. Repurchase Agreements Pledge Account	6,784,455	50,207	-	8,259,566	47,516	-
2. Bank Treasury Bonds Portfolio	32,641,704	-	-	16,028,024	-	-
3. Customer Transactions Portfolio - Takasbank	73,897,709	2,064,042	-	86,228,680	2,221,602	-
4. Branches' Marketable Security Portfolio in Electronic Security Fund Transfer System	3,265,143	-	-	2,024,241	-	-
5. Treasury Bonds of Marketable Security Portfolio Exchange Market Members	53,726	-	-	73,560	-	-
6. Liquidity Bills	-	-	-	1,000,000	-	-
7. Derivative Transactions	-	107,174	-	-	157,311	-
8. Other	131,709	158,458	1,024,668	2,748	122,210	274,988
E. Electronic Marketable Security Transfer Recording Follow-up Account for Marketable Securities, Classified with Physical Values in Above Accounts	285,147,100	-	-	255,871,433	23,730,618	-
TOTAL (A+B+C+D+E)	625,220,898	20,473,371	1,024,957	568,840,561	50,144,968	275,299

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III - NOTES AND EXPLANATIONS RELATING TO THE INCOME STATEMENT

(1) Interest Income

For the year ended 31 December 2008, interest income amounting to YTL2,263,319 thousand (2007: YTL2,186,190 thousand) from foreign correspondents accounts includes interest income from foreign currency marketable security portfolio amounting to YTL2,170,912 thousand (2007: YTL2,059,368 thousand).

For the year ended 31 December 2008, interest income from open market operations includes marketable security interest income amounting to YTL3,596,714 thousand (2007: YTL2,223,151 thousand) and interest income from placements at the money market interbank amounting to YTL188 thousand (2007: YTL39 thousand).

The “Positive Valuation Differences” account is composed of the positive differences between the market values and the original acquisition costs of the foreign currency and YTL denominated marketable securities portfolio. As of 31 December 2008, since the difference between the market value and the original acquisition cost of the marketable security portfolio is YTL1,262,372 thousand (2007: YTL732,353 thousand), it is represented under the “Positive Valuation Differences” account.

(2) Interest Expenses

The “Negative Valuation Differences” account is composed of losses arising from the differences between the market values and the original acquisition costs of the foreign currency and YTL denominated marketable securities portfolio. As of 31 December 2008, the negative valuation difference on YTL denominated marketable securities portfolio in the amount of YTL347,826 thousand (2007: YTL45,369 thousand) is recorded under “Negative Valuation Differences” account.

(3) Non-interest Income

For the year ended 31 December 2008, the portfolio purchase and sales income amounting to YTL1,561,334 thousand (2007: YTL1,021,713 thousand) consists of income on marketable security purchases and sales amounting to YTL1,558,661 thousand (2007: YTL1,020,250 thousand) and income on futures transactions amounting to YTL2,673 thousand (2007: YTL1,463 thousand).

In the year ended at 31 December 2008, Foreign Exchange Gains account is composed of realized gains on foreign currency purchase and sales transactions in 2008.

(4) Non-interest Expenses

For the year ended 31 December 2008, Foreign Exchange Losses account consists of realized losses on foreign currency purchase and sales transactions in 2008.

Provisions account consists of the interest income accruals amounting to YTL55,828 thousand (2007: YTL92,399 thousand) calculated for the year 2008, for loans under legal follow-up, the foreign exchange gains (2007: losses) amounting to YTL519,051 thousand (2007: YTL345,079 thousand) calculated over the loans under legal follow-up and interest accrual amounts due to the appreciation (2007: devaluation) of US\$ against YTL, transfer insurance provision expense amounting to YTL2,876 thousand (2007: YTL2,571 thousand) and retirement pay provision expense amounting to YTL10,611 thousand (2007: YTL12,677 thousand).

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IV - SUPPLEMENTARY FINANCIAL STATEMENTS (Continued)

Illustration of Assets and Liabilities according to their remaining maturities

CURRENT PERIOD (31 December 2008)	Demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
ASSETS								
Gold	5,016,931	-	-	-	-	-	-	5,016,931
Foreign Currency Reserves	4,791,987	3,999,853	3,229,533	14,070,155	80,849,496	178,650	265,168	107,384,842
Coins	59,451	-	-	-	-	-	-	59,451
Domestic Correspondents	-	213,234	-	-	-	-	-	213,234
Securities Portfolio	-	20,000,000	-	5,232,070	8,421,432	-	-	33,653,502
Domestic Loans	-	-	389	-	-	-	-	389
Open Market Operations	-	20,060,925	-	-	-	-	-	20,060,925
Foreign Loans	-	-	2,142	2,830	24,858	8,281	-	38,111
Equity Participations	23,559	-	-	-	-	-	-	23,559
Property and Equipment (Net)	-	-	-	-	-	-	286,178	286,178
Loans Under Legal Follow-up	-	-	-	-	-	-	2,284,171	2,284,171
Provisions for Loans Under Legal Follow-up (-)	-	-	-	-	-	-	(2,284,171)	(2,284,171)
Treasury Liabilities due to SDR Allocation	-	-	-	-	-	-	264,067	264,067
Valuation Account	-	-	-	-	-	-	-	-
Interest and Income Accruals	-	39,763	158	3,771	-	-	-	43,692
Miscellaneous Receivables	19,949	1,344	-	179,031	-	-	11,076	211,400
Other Assets	-	1,280	-	2,043	-	-	38,749	42,072
Total Assets	9,911,877	44,316,399	3,232,222	19,489,900	89,295,786	186,931	865,238	167,298,353
LIABILITIES								
Currency in Circulation	31,743,434	-	-	-	-	-	-	31,743,434
Due to Treasury	14,534	36,569	-	-	-	-	265,168	316,271
Foreign Correspondents	1,143	-	-	-	-	-	-	1,143
Deposits	13,378,326	39,781,557	14,951,258	7,722,438	10,904,033	-	3,698,179	90,435,791
Liquidity Bills	-	-	-	-	-	-	-	-
Open Market Operations	-	29,935,300	-	-	-	-	-	29,935,300
Foreign Loans	-	-	-	-	-	-	13,760	13,760
Import Transfer Orders and Deposits	-	-	-	776,822	-	-	-	776,822
Notes and Remittances Payable	-	29,571	-	-	-	-	-	29,571
SDR Allocation	-	-	-	-	-	-	264,067	264,067
Capital	-	-	-	-	-	-	46,234	46,234
Legal Reserves	-	-	-	-	-	-	3,037,218	3,037,218
Provisions	-	-	-	340,568	-	-	-	470,485
Valuation Account	-	-	-	-	-	-	6,377,223	6,377,223
Interest and Expense Accruals	-	25,760	622,649	118,208	702,095	-	-	1,468,712
Miscellaneous Payables	8,492	1,476	-	8,611	-	-	33,746	52,325
Other Liabilities	-	329,089	-	5,372	-	-	5,482	339,943
Net profit for the year	-	-	-	-	-	-	1,990,054	1,990,054
Total Liabilities	45,145,929	70,139,322	15,573,907	8,972,019	11,606,128	-	15,861,048	167,298,353
Net liquidity Positions	(35,234,052)	(25,822,923)	(12,341,685)	10,517,881	77,689,658	186,931	(14,995,810)	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AND
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH SEE NOTE I.B.3**

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL"), unless otherwise indicated.)

IV - SUPPLEMENTARY FINANCIAL STATEMENTS (Continued)

Illustration of Assets and Liabilities according to their remaining maturities

PRIOR PERIOD (31 December 2007)	Demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
ASSETS								
Gold	3,736,492	-	-	-	-	-	-	3,736,492
Foreign Currency Reserves	2,326,026	6,951,827	10,114,432	23,710,350	42,081,660	-	208,149	85,392,444
Coins	71,159	-	-	-	-	-	-	71,159
Domestic Correspondents	-	-	-	-	-	-	-	-
Securities Portfolio	-	-	-	2,632,400	14,294,539	-	-	16,926,939
Domestic Loans	-	-	374	-	-	-	-	374
Open Market Operations	-	-	-	-	-	-	-	-
Foreign Loans	-	-	1,649	2,117	18,833	10,022	-	32,621
Equity Participations	18,493	-	-	-	-	-	-	18,493
Property and Equipment (Net)	-	-	-	-	-	-	278,809	278,809
Loans Under Legal Follow-up	-	-	-	-	-	-	1,709,292	1,709,292
Provisions for Loans Under Legal Follow-up (-)	-	-	-	-	-	-	(1,709,292)	(1,709,292)
Treasury Liabilities due to SDR Allocation	-	-	-	-	-	-	207,285	207,285
Valuation Account	-	-	-	-	-	-	4,710,587	4,710,587
Interest and Income Accruals	-	5,867	568	2,924	-	-	-	9,359
Miscellaneous Receivables	21,861	361	-	12,857	-	-	4,938	40,017
Other Assets	-	2,734	-	1,887	-	-	21,269	25,890
Total Assets	6,174,031	6,960,789	10,117,023	26,362,535	56,395,032	10,022	5,431,037	111,450,469
LIABILITIES								
Currency in Circulation	27,429,389	-	-	-	-	-	-	27,429,389
Due to Treasury	10,825	28,361	-	-	-	-	208,149	247,335
Foreign Correspondents	852	-	-	-	-	-	-	852
Deposits	14,943,851	26,204,268	14,283,240	7,259,004	9,474,038	-	1,841,665	74,006,066
Liquidity Bills	-	993,710	-	-	-	-	-	993,710
Open Market Operations	-	2,917,500	-	-	-	-	-	2,917,500
Foreign Loans	-	-	-	-	-	-	10,906	10,906
Import Transfer Orders and Deposits	-	-	-	858,741	-	-	-	858,741
Notes and Remittances Payable	-	73,477	-	-	-	-	-	73,477
SDR Allocation	-	-	-	-	-	-	207,285	207,285
Capital	-	-	-	-	-	-	46,234	46,234
Legal Reserves	-	-	-	-	-	-	2,823,647	2,823,647
Provisions	-	-	-	41,081	-	-	122,322	163,403
Valuation Account	-	-	-	-	-	-	-	-
Interest and Expense Accruals	-	101,222	585,276	359,894	272,263	-	-	1,318,655
Miscellaneous Payables	6,536	1,179	-	5,106	-	-	54,963	67,784
Other Liabilities	-	59,910	-	-	-	-	5,283	65,193
Net profit for the year	-	-	-	-	-	-	220,292	220,292
Total Liabilities	42,391,453	30,379,627	14,868,516	8,523,826	9,746,301	-	5,540,746	111,450,469
Net liquidity Positions	(36,217,422)	(23,418,838)	(4,751,493)	17,838,709	46,648,731	10,022	(109,709)	-