TEB

THE ECONOMY BANK N.V.

BNP PARIBAS JOINT VENTURE

Contents

We, TEB NV, are committed to providing the best possible service to our clients and to our business counterparties with a special focus on trade finance.

TEB Group's trade and commodity finance specialist TEB NV became a member of the BNP Paribas Group in 2005, one of the largest financial groups in the world.

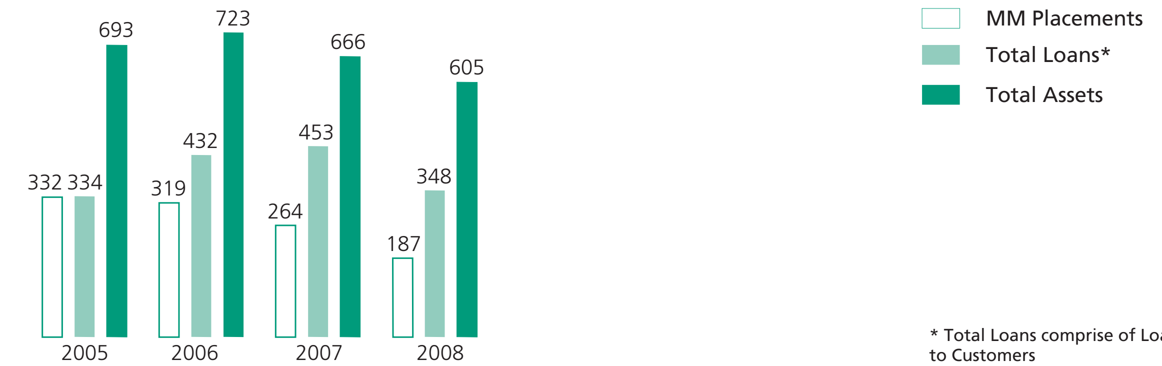
Financial Highlights

Key Figures (EUR thousand)	2008	2007	2006	2005	2004
Net Profit	7,338	7,585	5,398	4,678	4,826
Profit before Tax	9,870	9,995	7,671	6,828	7,466
Total Assets	605,241	666,276	722,736	693,205	613,953
Paid-in Capital	30,000	30,000	30,000	30,000	30,000
Total Equity	77,470	70,421	62,846	57,448	52,770
Interest-Bearing Assets	600,278	661,841	717,564	686,000	608,195
Interest-Bearing Liabilities	525,911	593,516	658,678	632,556	558,775
Contingents	48,735	122,070	136,915	190,655	79,721
Short Term Bank Placements	213,690	180,538	263,604	319,255	332,173
Loans	348,006	453,475	432,281	334,307	256,578
to Banks	189,461	127,875	128,180	108,847	81,092
to Customers	158,545	325,600	304,101	225,460	175,486
Deposits	520,159	553,150	623,486	615,368	550,148
Non-Retail	370,550	538,620	623,486	615,368	550,148
Retail	149,609	14,530	0	0	0
Trade Volume	1,699,483	1,615,304	1,378,687	1,190,976	1,107,082
L/Gs	109,896	77,922	75,517	83,030	63,894
Import L/C	500,636	525,689	392,040	349,869	263,715
Export L/C	546,640	570,856	513,435	453,831	435,136
Draft Discounting	31,464	110,980	95,603	35,522	45,922
Documentary Collections	510,848	329,857	302,092	268,724	298,414

Key Ratios

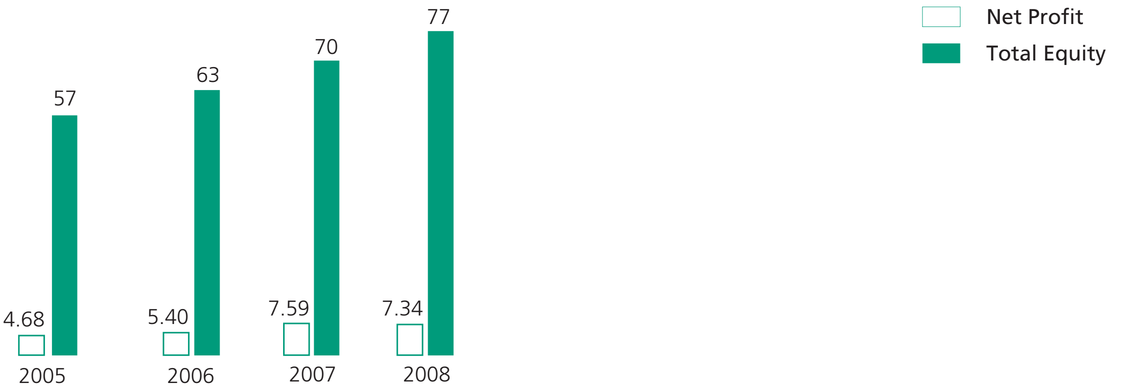
Basel II Pillar I Solvency Ratio	20%	14%	18%	21%	24%
Return on Average Own Funds (in %)	11%	13%	10%	9%	11%
Total Assets/Own Funds (times)	8	9	12	12	12
Cost/Income Ratio (in %)	44%	42%	47%	48%	41%
Commission Income/Operating Expenses (in %)	99%	94%	93%	99%	114%
Net Profit per Staff Member	108	126	100	90	121

MM Placements - Total Loans - Total Assets (EUR million)

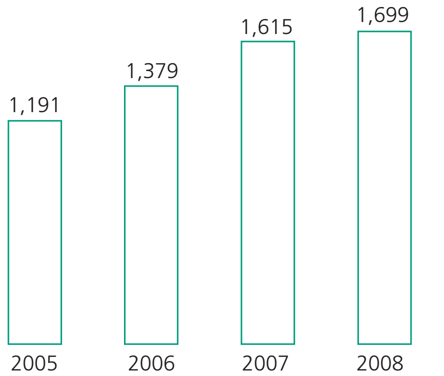


* Total Loans comprise of Loans to Banks and Loans to Customers

Net Profit - Total Equity (EUR million)



Total Trade Finance Volume (EUR million)



Report of the Supervisory Board

TEB NV's long-standing practices of prudent risk management, focus on short-term trade exposure, and diversified liquidity sources have enabled it to weather the financial storm.

The reporting year, 2008, was a successful one for The Economy Bank N.V. (TEB NV), particularly when viewed in the context of adverse developments in the global economy. Despite the upheaval in the financial markets followed by rapidly deteriorating economic conditions in the last four months of the year, the Bank reported net income of EUR 7.3 million (2007: EUR 7.6 million).

In 2008, the Bank took a specific loan loss provision of EUR 1.9 million, and also booked portfolio-level provisions of EUR 1.3 million, representing 1% of the uncollateralized value of its funded exposure to non-financial institutions. The non-performing assets ratio was 0.6%.

The Bank's long-standing practices of prudent risk management, focus on short-term trade exposure, and diversified liquidity sources have enabled it to weather the financial storm.

The Bank reduced its balance sheet size to EUR 605 million (2007: EUR 667 million) in rapid response to deteriorating economic conditions. This was facilitated by the short-term nature of trade finance transactions in the balance sheet and the quality of the loans portfolio. Corporate loan balances fell in line with lower global demand and maturing loans, resulting in reduced exposure to corporate customers and growth in the outstandings to the prime names in the Bank's portfolio. Return on equity for 2008 was 10.5% (2007: 12%).

The Bank maintained comfortable liquidity levels in 2008. The Bank's quick funds with the Central Bank and short-term placements with banks increased to EUR 228 million in 2008 from EUR 192 million in 2007. The retail deposits business line continued to help diversify liquidity sources and ended 2008 at EUR 150 million in total deposits.

Meanwhile, capital adequacy levels reflected the cautious business strategy of the Bank. Total own funds rose to EUR 77.5 million (2007: EUR 70.4 million) with the proposed addition of 2008 net income to retained earnings. The Basel II pillar 1 solvency ratio was 20% and the combined pillar 1 and pillar 2 solvency ratios amounted to 15%.

As in previous years, trade finance volume continued to grow, albeit by a lower rate of 6% this year to EUR 1.7 billion and contributed strongly to the full-year result.

The financial statements have been audited by Deloitte Accountants.

As TEB NV's Supervisory Board and in accordance with the Articles of Association, we submit the 2008 Annual Report and Financial Statements to the shareholders. The Supervisory Board proposes the adoption of the 2008 financial statements by the General Meeting of Shareholders and concurs with the Management Board's proposal to appropriate the EUR 7.3 million net profit to retained earnings. Furthermore, the Supervisory Board requests the General Meeting of Shareholders to discharge both the Supervisory and Management Boards.

Supervisory Board and its Committees

Roles and Responsibilities

The Supervisory Board reports directly to the General Meeting of Shareholders. In line with standard Dutch business practice, its role is the timely and ongoing supervision of TEB NV's Management Board and corporate activities. This task was pursued continually throughout the reporting year.

In its current composition, the Supervisory Board has seven members, including a chairman and a vice chairman. In addition, Mr. H.T. Çolakoğlu participates in Supervisory Board meetings as an advisor.

Of the seven Supervisory Board members, six hold executive positions in either TEB or BNP Paribas and one is independent. All Supervisory Board appointments are based on the member's long-standing experience and skills in TEB NV's core business areas.

During the reporting year, the Supervisory Board met four times; the Management Board was present at all meetings. Regular topics were:
- financial performance;
- credit and other risk management subjects;
- Basel II compliance;
- audit and regulatory developments;
- short and long-term corporate strategy;
- the organizational structure, including new product development; and
- evaluation of the changing economic and banking environment.

From its members, the Supervisory Board has established three committees: Audit, Credit, and Remuneration. Supervisory Board members are appointed to committees based on their experience in the discipline concerned. The committees' role is to advise both Supervisory and Management Boards on issues arising from these specific disciplines. All committees report directly to the Supervisory Board.

The Audit Committee

As defined in the Audit Committee Charter, the Audit Committee's tasks are, among others, reviewing performance of the external auditors, supervision of the audit of the annual accounts, review of the procedures on risk management and internal control processes (also related to the best practice of Dutch corporate governance principles), monitoring regulatory compliance, and the maintenance of high banking standards. The Audit Committee met four times during the reporting year, ahead of Supervisory Board meetings; the Management Board was present at all Audit Committee meetings except one where the Committee held a regular exclusive session with the external auditors.

All Supervisory Board appointments are based on the member's long-standing experience and skills in TEB NV's core business areas.

Role of the Supervisory Board Committees is to provide advice on their specific disciplines to both of the Supervisory and Management Boards.

The Credit Committee

The Supervisory Board has appointed a Credit Committee comprised of four members, of whom two are Supervisory Board members, and has delegated its credit authority to the committee.

The Credit Committee fulfills its statutory responsibilities with respect to internal credit risk assessment and valuation process in its oversight of:
(i) reliable classification of credits on the basis of credit risk;
(ii) appropriate validation of any internal credit risk assessment model;
(iii) adoption and documentation of a sound credit loss methodology, which addresses credit risk assessment procedures and controls for assessing credit risk, identifying problem loans and determining loan provisions in a timely manner for non-performing loans; and
(iv) effective credit grading systems that through consistent application, identify and accurately rate different credit risk characteristics.

The Remuneration Committee

The aim of TEB NV's remuneration policy is to attract, reward and retain high caliber and committed professional personnel. Although working internationally, Turkish business is an important part of TEB NV's activities. This means personnel at all levels must have specific (banking) experience, skills and, for those dealing directly with Turkish clients, knowledge of this and/or other relevant markets. TEB NV has a comprehensive remuneration package, comparable with sector standards and consisting of fixed and variable components. The Remuneration Committee's role is to evaluate and review changes to remuneration guidelines, as proposed by the Management Board. The Committee met twice during the reporting year.

Other issues

As we submit this Annual Report and Financial Statements for 2008, we would like to express our gratitude to Mr. Joannes Bonnel (until July 10, 2008) and Mr. Michel Roger Chevalier (until December 19, 2008) for their contributions to TEB NV during their terms as Supervisory Board members. Additionally, we welcome Mr. Patrick René Pitton (from November 24, 2008), Mr. Levent Çelebioğlu (from January 20, 2009) and Mr. Christophe Philippe Marie Vallée (from March 12, 2009) to the Supervisory Board.

We also wish to express our sincere appreciation to the Management and personnel for the positive results generated in 2008. It is their commitment and efforts that have driven the positive results to a level that fully met our expectations. We would further like to reiterate our commitment to providing the best possible service to our clients and to our business counterparties, now and in the coming years.

Supervisory Board
March 27, 2009

Board and Committees Members

Supervisory Board Members

Yavuz Canevi (Chairman)
Dr. Akın Akbaygil (Vice-Chairman)
Levent Çelebioğlu (from January 20, 2009)
Varol Civil
Patrick René Pitton (from November 24, 2008)
John Shakeshaft
Christophe Philippe Marie Vallée (from March 12, 2009)

Remuneration Committee Members

Hasan Tevfik Çolakoğlu (Chairman)
Michel Roger Chevalier (until December 19, 2008)
Özden Başaran Odabaşı
Patrick René Pitton (from December 19, 2008)
John Shakeshaft

Audit Committee Members

John Shakeshaft (Chairman)
Michel Roger Chevalier (until December 19, 2008)
Patrick René Pitton (from November 24, 2008)
İsmail Yanık

Attendee Members

Johannes Bonnel (until December 5, 2008)
Jean Milan Givadinovitch (from December 19, 2008)
Orkun Mungan
Özden Başaran Odabaşı
Ayşe Özdemir
Salih Tanju Yavuz

Credit Committee Members

Supervisory Board Credit Committee

Dr. Akın Akbaygil (Chairman)
Johannes Bonnel (until December 5, 2008)
Hasan Tevfik Çolakoğlu
Jean Milan Givadinovitch (from December 19, 2008)
Nuri Tuncalı

Management Credit Committee

Özden Başaran Odabaşı (Chairman)
Orkun Mungan
Handan Aloğlu Yılmazok

TEB NV Supervisory Board has taken a decision to welcome designated executives of the Group to the Supervisory Board committees, as permitted by the supervisory authority.

Supervisory Board

Yavuz Canevi (1939),
Chairman
Turkish nationality
Appointed: November 17, 1998

In addition to various positions with TEB Group companies, Mr. Yavuz Canevi is presently the Chairman of the Board of Directors of Türk Ekonomi Bankası (TEB/BNP Paribas J.V.). He is also on the board of several prominent corporations, professional organizations and NGOs, including FNSS Defense Systems, TÜSİAD (Turkish Industrialists' and Businessmen's Association, IKV (Economic Development Foundation), Turkish Industrial Development Bank (TSKB), Hedef Alliance Unichem, and Netaş Nortel Networks. Mr. Canevi is the former Governor of the Central Bank of Turkey and former Undersecretary of Treasury and Foreign Trade.

Dr. Akın Akbaygil (1944),
Vice-Chairman
Turkish nationality
Appointed: November 17, 1998
Committees: Credit Committee

Deputy Chairman and Executive Director of TEB A.Ş. and Director/General Manager of TEB Financial Investments (the Group's holding company). He also holds a number of other senior positions within the TEB Financial Services Group. In the banking business since 1965, he joined the TEB Group in 1982. He has also been the Chairman of the Turkish Banks' Association. He holds a Doctorate in Economics.

Levent Çelebioğlu (1962),
Member
Turkish nationality
Appointed: January 20, 2009

Mr. Çelebioğlu joined TEB A.Ş. in May 1988. He is Member of the Credit Committee, Executive Committee, Assets and Liabilities Committee, Chairman of the Investor Relations Committee and Assistant General Manager (Corporate Banking & Financial Institutions) in TEB A.Ş. After his graduation from 9 Eylül University, Faculty of Economics, Monetary Economics & Banking Department in Izmir, Mr. Çelebioğlu worked at Yaşarbank for two years. In his 21-year career with TEB A.Ş., he has held a variety of positions. He is also a Supervisory Board Member of TEB Leasing.

Varol Civil (1961),
Member
Turkish nationality
Appointed: March 15, 2004

Currently General Manager of TEB A.Ş., Mr. Civil joined TEB in 1998 as General Manager of TEB Mali (the Group's holding company). Mr. Civil has experience in a variety of banking disciplines in addition to having been Auditor with the Turkish Undersecretariat of Treasury and Foreign Trade for seven years.

Patrick René Pitton (1950),
Member
French nationality
Appointed: November 24, 2008
Committee: Audit Committee

TEB Board Member and Chairman of TEB's audit committee, he is also a Supervisory Board Member of several TEB Group subsidiaries (Yatırım, Portföy, Arval, Leasing, Factoring, Sh.A) Mr. Pitton has been associated with BNP Paribas since 1974 in different positions in France as well as in other countries.

John Shakeshaft (1954),
Member,
British nationality
Appointed: March 15, 2004,
Committees: Audit (Chairman),
Remuneration

John Shakeshaft is chairman of Ludgate Environmental Fund Limited, also of Valiance Funds and of Corestone, AG. He is a member of the boards of Tele2 AB, TT Electronics plc and Questair Inc. and also a member of the Audit and Governance Committee of Cambridge University. Mr. Shakeshaft is a banker by training and specialized in corporate finance and capital markets in financial services; he was a Managing Director at ABN AMRO, Lazard and Barings. From 1978 to 1986 he served in HM Diplomatic Service."

Christophe Philippe Marie Vallée (1962),
Member
French nationality
Appointed: March 12,2009

Head of Turkey, Egypt and Lebanon for BNP Paribas Retail Banking, Emerging Markets. Christophe Vallée is also Director of TEB Mali (the Group's holding company) and Türk Ekonomi Bankası in Istanbul as well as TEB Kosovo. He is a member of the Board of BNP Paribas' affiliate in Egypt and BNPI (Banque Nationale de Paris Intercontinentale) in France. Mr. Vallée has been associated with BNP Paribas for 19 years, primarily on international assignments in France, Spain, Luxemburg and North America.

Report of the Management Board

Orkun Mungan
Management Board Member

Özden Başaran Odabaşı
Chairman of Management Board

Introduction

The Economy Bank N.V. (TEB NV) was established in the Netherlands in 1998. Its mission was to become one of the most effective and service-oriented financial institutions, focusing on both Turkish and European financial markets, and to serve as the TEB Group's trade and commodity finance specialist. In 2005, TEB NV became a member of the BNP Paribas Group, one of the largest financial groups in the world. This development has contributed considerably to its overall activities. Thanks to the BNP Paribas Group's expertise and existing network, TEB NV has extended its geographic reach to over 85 countries worldwide, with a focus on North Africa and Eastern Europe.

TEB NV is determined to maintain its growth trend in generating net banking income by diversifying its trade and commodity finance portfolios supported by the BNP Paribas Group's sophisticated country and credit-risk analysis systems and reporting.

Performance in 2008

In 2008, in the context of an unprecedented financial crisis, TEB NV achieved a profit before tax result of EUR 9.9 million which is only 1.25% lower than the comparative figures for the previous year, 2007. The limited decrease in the profit before tax result, despite an operating revenue increase of 20.1% to EUR 20.8 million, can be explained through booked impairment provisions amounting to EUR 3.2 million, of which EUR 1.9 million in specific provisions and the remaining EUR 1.3 million in provisions at portfolio level, in accordance with the Bank's prudent credit risk management and provisioning policies. During 2008, operating expenses were controlled effectively and have increased 5.1%, which is significantly lower than the increase in the operating revenue. The net profit after tax figure amounting to EUR 7.3 million for the reporting year resulted in a return on equity ratio of 10.5%.

Highlights from the Report of the Management Board

- In the context of an unprecedented financial crisis, TEB NV achieved a profit before tax result of EUR 9.9 million which is only 1.25% lower than the comparative figures for the previous year, 2007.
- The Bank responded swiftly to the negative economic environment by decreasing its balance sheet size from EUR 667 million to EUR 605 million and total risk exposure from EUR 784 million to EUR 649 million when the 2008 and 2007 year-end figures are compared.
- Although liquidity resources in the financial markets deteriorated significantly during the last quarter of the year, the Bank's prevailing comfortable liquidity position has not changed.
- The short-term nature of risk assets enabled TEB NV to maneuver easily.
- As of year-end 2008, the pillar 1 solvency ratio was 20% and the combined pillar 1 and pillar 2 solvency ratios was 15%, evidencing TEB NV's prudent risk and capital management policies.

In the reporting year, TEB NV achieved total trade finance transactions volume of EUR 1.7 billion, representing an increase of 5% over the 2007 volume of EUR 1.6 billion.

The Bank responded swiftly to the negative economic environment by decreasing its balance sheet size from EUR 667 million to EUR 605 million and total risk exposure from EUR 784 million to EUR 649 million when the 2008 and 2007 year-end figures are compared. The risk exposure's composition has been restructured, shifting to transactions with lower risk potential. In accordance with this policy, loans and advances to banks increased to EUR 189 million from EUR 128 million, whereas loans and advances to customers declined to EUR 159 million from EUR 325 million. The securities portfolio, which is composed of bonds issued by sovereigns and, to a lesser extent by financial institutions, also increased from EUR 16 million to EUR 24 million.

In 2008, TEB NV's cost to income ratio was 43.8%, a slight increase of 1.5% on the 2007 ratio and due to the specific and portfolio level provisions booked as deduction to the net operating revenue. If portfolio level provision is excluded from the analysis, the cost to income ratio amounts to 40.7% or a 1.6% improvement on the 2007 figure of 42.3%.

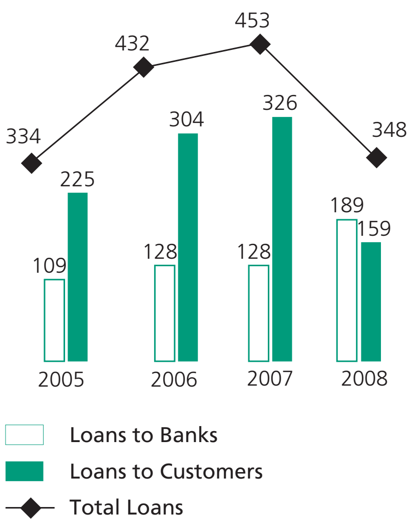
Although liquidity resources in the financial markets deteriorated significantly during the last quarter of the year, the Bank's prevailing comfortable liquidity position has not changed. Quick funds in the Bank's balance sheet, composed of reserves placed with the Central Bank and short-term placements with banks, increased to EUR 228 million from EUR 192 million in 2007. Moreover, the retail deposits business line, which was launched in the summer of 2007 for the purpose of further diversification of funding resources, performed as planned and showed steady growth, reaching EUR 150 million at the end of the reporting year.

As in the past, the short-term nature of risk assets enabled TEB NV to maneuver easily, even in the most volatile market conditions and to respond efficiently to changing economic environments. In 2008, the average original maturity of risk assets was 226 days (2007: 156 days).

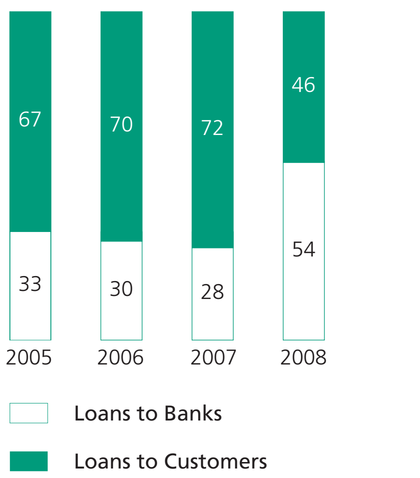
From 2008, TEB NV computes its capital adequacy ratio in accordance with the Basel II framework and the regulations and requirements of the Dutch Central Bank (De Nederlandsche Bank). As of year-end 2008, the pillar 1 solvency ratio was 20% and the combined pillar 1 and pillar 2 solvency ratios was 15%, evidencing TEB NV's prudent risk and capital management policies.

Furthermore, such solvency ratios confirm the quality of the Bank's risk assets portfolio and indicate the adequacy of shareholders' equity. With the proposed addition of the reporting year's net profit to retained earnings, total own funds rose to EUR 77.5 million (2007: EUR 70.4 million).

Total Loans Excluding MM (EUR million)



Total Loans (%)



Through continued close cooperation with TEB NV's parent and by leveraging BNP Paribas' product expertise and cross-selling capabilities, the Management Board is confident that TEB NV will be able to develop its activities.

Looking ahead

Despite the challenging market conditions indicating a highly volatile and unpredictable year in 2009, accompanied by a staggering downturn in the price and amount of commodities traded globally, our focus in 2009 onwards will be on further diversifying our customer base and the kinds of commodity for which TEB NV provides trade finance lending in order to reach previous years' performances.

The TEB NV Financial Institutions Team will increase activities in the forfaiting market, both as a purchaser and seller of bank and non-bank risk, while continuing to serve the Bank's trade finance activities.

In the year ahead, TEB NV's aim is to offer new products in its Private Banking operations in coordination with its direct and indirect shareholder institutions.

Retail deposit, a relatively new product line, has been offered since the summer of 2007. After a promising volume increase in late 2007 and 2008, the Bank accelerated its penetration of this competitive market and developed a customer confidence in our brand name. Due to market conditions, in 2009, the Bank plans to prioritize further automation of processes and operational excellence rather than growth in volumes.

The Documentary Credits and Guarantees Department, with its experienced and highly skilled employees, is fully up to date on all aspects and ready to serve its valued clients. In-depth knowledge for all types of trade and/or commodity financing transactions enables them to create tailor-made solutions for clients.

The Operations department, which serves both payment processing and as the back-office for treasury transactions, is aiming to maintain its minimal record of operational errors, providing prompt service to meet the Bank's high standards and to further increase automation to reach these targets.

Market conditions are extraordinary, raising in their wake the level of credit, liquidity and market risks globally. In this market environment and in parallel with the TEB Group's prudent policies, TEB NV's Management Board is emphasizing the importance of risk management processes and is taking actions needed to protect the Bank's positive solvency and liquidity levels and effectively manage the limited maturity mismatches and interest sensitivities of the balance sheet throughout 2009.

Through continued close cooperation with TEB NV's parent and by leveraging BNP Paribas' product expertise and cross-selling capabilities, the Management Board is confident that TEB NV will be able to develop its activities. The whole Bank remains committed to maintaining a strong balance sheet, prudent banking policies and procedures and business principles. These factors combine to ensure that TEB NV can offer superior service to current and potential clients.

Economic Review

The reporting year, 2008, saw the beginning of one of the worst financial crises in history. The housing bubble in US that had been growing since the mid-1990s, burst into a credit crunch in July 2007. After that date, Treasury - Euro Dollar (TED) spreads and OIS (Overnight index swaps) became erratic with increasing volatilities signaling a serious problem in bank lending. With the bankruptcy of Lehman Brothers on September 14, 2008, the USD 8 trillion bubble in the US housing market burst and subsequently the crisis hit all world economies. The highly-leveraged nature of risk assets turned rapidly into a de-leveraging process. Failing banks destroyed confidence in the financial system and compounded the problem. Liquidity dried up quickly and a flight to asset quality started among cash-rich financial institutions during the panic of September and October 2008. Investors sought relief in US treasury bonds, the US Dollar, the Yen and Gold. With international trade disrupted, the US, UK and European governments intervened in markets with large liquidity injections and rate cuts. As of December 2008, the US had spent approximately USD 2 trillion and cut its interest rates to 0.25%; the UK announced a bank rescue package of around USD 850 billion; and major economies went into recession.

From the second half of December 2008, the chaos in the financial system and world economy appears to have bottomed out, but the turmoil is not over yet. The IMF cut its 2009 global economic growth projection to 0.5% and indicated that particularly the rich economies will suffer the worst recession since the Second World War. The UK's economy is expected to shrink fastest by 2.8 %, while the US economy will contract by 1.6 %, the EU by 2% and Japan by 2.6%. The IMF expects some emerging markets to hold up better with growth of 6.1% in China and 5.1% in India.

Flight to quality caused serious problems in the Eastern European economies of Poland, Hungary, Romania and Ukraine as local currencies depreciated rapidly, increasing the risk of default on hard-currency loans. This is combined with falling demand for the exports of these countries and increasing market exposure risk in major European countries within this region.

Joint efforts by major economies are aimed at stabilizing the current situation and some signs of improvement are anticipated in the second half of 2009, although significant changes are not expected before 2010. Although the rapid contraction increased the spreads, high-risk aversion prevents an increase in profit expectations.

Joint efforts by major economies are aimed at stabilizing the current situation and some signs of improvement are anticipated in the second half of 2009, although significant changes are not expected before 2010.

According to the Central Bureau of Statistics' estimates, the Dutch economy shrank by 0.6 % in the fourth quarter of 2008 which is the first time Dutch economic growth has been negative for more than five years.

Dutch Economy

During the reporting year, the Dutch economy was not immune to chaos in the world. On September 29, banking and insurance company Fortis NV was bailed out by the Belgian, Dutch and Luxembourg governments and the Dutch government announced that it was buying Fortis' Dutch operations for EUR 16.8 billion (USD 23.3 billion). With the bankruptcy of the Icesave online branch of Iceland's Landsbanki on October 7, the Dutch government increased the deposit guarantee for individuals to EUR 100.000 to reestablish depositors' confidence in banks - the Dutch government set aside EUR 20 billion of capital to protect the country's financial companies.

According to the Central Bureau of Statistics' estimates, the Dutch economy shrank by 0.6 % in the fourth quarter of 2008 which is the first time Dutch economic growth has been negative for more than five years. Growth for full-year 2008 was 2%. The main reason was a sharp drop in exports of Dutch manufactured products whereas consumption and employment showed some growth.

Quarterly, the Dutch economy shrank by 0.6% in the fourth quarter of 2008 which is the largest quarterly drop since the 1980s. The Dutch economy is now considered in recession, with two successive quarters of negative economic growth.

Exports dropped by 1.9 % in the fourth quarter of 2008 when compared with the same quarter in 2007. Car sales and the purchase of durable goods were down slightly, but government consumption was 1.2% higher in the last quarter. With the substantial decrease in housing transactions, private property investment fell slightly but increased for company buildings and equipment. Production suffered from decreasing exports and fell by 6.5% in the last quarter. The care sector showed the fastest growth and financial and business services were still able to post a small growth.

In 2009, a 2.1% contraction in GDP is expected due to weak exports and investments. With the sharply falling prices, inflation is expected to be 0.4% in 2009.

Turkish Economy

Turkey's fiscal discipline, floating exchange rate and inflation targeting regimes help increase resilience against shocks. Meanwhile, the Turkish banking system remains strong with a high capital adequacy ratio and healthy balance sheet. Strengthened supervision of the banking system, accompanied by sound management practices of the banks themselves, enabled the Turkish financial system to avoid exposure to toxic assets. However, the slowdown in global economic activity and the global financial turmoil that peaked in the last quarter of the year, led to a slowdown in GDP growth during the second half of 2008.

CPI inflation, which was at 8.4% in 2007, increased in the first half of 2008, reaching 12.1% in July 2008 due to price increases of food and energy in global markets. Accordingly, in June 2008, the Turkish Central Bank (CBT) revised its end-2009 inflation target to 7.5% and gradually increased its policy rate by 150 bps to 16.75. As a result, inflation started to decline and fell to 10.1% by the end of 2008 in parallel with the decline in global energy and food prices and due to subdued domestic demand. Accordingly, the CBT cut its policy rate by 175 bps to 15% in the last quarter of year. Both the decline in inflation and the CBT's policy rate reduction are expected to continue in 2009.

In 2008, the secondary market bond rates followed a similar pattern. Accordingly, the benchmark bond rate increased from 16.6% at end-2007 to 24% in October 2008. In parallel with the CBT's monetary easing, benchmark bond yields fell to 16.5% at end-2008.

The FX market was relatively volatile during the first half of 2008; the USD/TRY rate increased from 1.16 in December 2007 to 1.32 in April 2008 and then declined to 1.16 in August. During the last quarter of the year, global financial turmoil increased the depreciation and volatility of TRY against major hard currencies. In this period, the USD/TRY rate climbed up to 1.70 and later fell to 1.50 by end-2008.

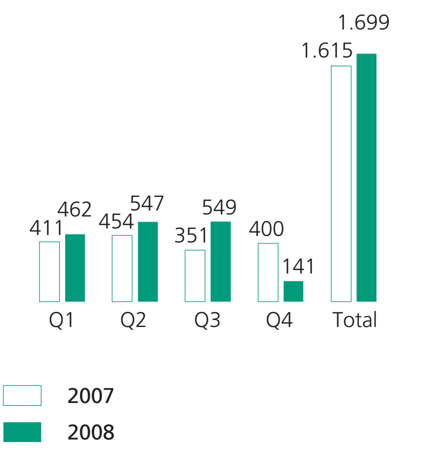
The global economic slowdown and the credit crunch reduced Turkish banks and corporations' access to financial markets, resulting in a slowdown in growth. After growing by 6.7% during the first quarter of the year, GDP growth declined to 0.5% during the third quarter and fell to negative territory in the fourth quarter. For 2008 as a whole, GDP growth was 1.1%.

On the other hand, falling energy prices led to a substantial decline in the current account deficit. The current account deficit narrowed by 53% during September-November 2008 compared to the same period in 2007. According to projections, the current account deficit to GDP ratio, which was 5.6% in 2008, is expected to fall to 1.5% in 2009.

Strengthened supervision of the banking system, accompanied by sound management practices of the banks themselves, enabled the Turkish financial system to avoid exposure to toxic assets.

During 2008, the Bank achieved a trade volume of EUR 1.7 billion, up 5% on the previous year's trade finance volume, despite massive shrinkage in the last quarter.

Quarterly Trade Finance Volume
(EUR million)



Business Activities

Trade & Commodity Finance (Marketing)

The reporting year, 2008, was a year of extremes. TEB NV's trade finance reached record levels in both volume and outstandings, in spite of the sharp decline in the fourth quarter of 2008. During the first three quarters of 2008, we managed record trade volumes and corporate risk at record highs. The sharp and continuous upward trend in commodity prices necessitated increases in our customers' credit limits. However, the environment changed following the start of a decline in commodity prices, then the global liquidity crises hit, generating further decreases in commodity prices. In the last quarter of the year, we concentrated on close monitoring of outstandings on a transaction and sector basis.

During 2008, we achieved a trade volume of EUR 1.7 billion, up 5% on the previous year's trade finance volume, despite massive shrinkage in the last quarter.

Breakdowns of trade volume in 2008 and 2007 are as follows:

EUR million	2008	2007
Letters of guarantee	109.9	77.9
Import letters of credit	500.6	525.7
Export letters of credit	546.6	570.9
Draft discounting	31.6	111.0
Documentary collections	510.8	329.8
Total	**1,699.5**	**1,615.3**

Although our major concentration is trade-related financing, lending to prime European and Turkish corporate clients is another major activity. TEB NV's average trade finance and corporate exposure in 2008 was EUR 360 million or a 25% increase on 2007 (EUR 289 million). This figure was EUR 419 million for the first eight months of 2008 or an almost 50% increase compared to the previous year. Due to the self-liquidating nature of trade transactions and rapid turnover, corporate risk was much lower at year-end so TEB NV was able to finance EUR 1.7 billion in trade volume with a trade finance assets turnover of less than 100 days. The growing corporate and trade-related exposure is monitored through a prudent approach to credit risk. All corporate customers are evaluated based on financials, sector risk and other soft factors; trade-related clients are evaluated based on the structure of the underlying transaction, position risk, performance risk and the commodity itself - all are critical factors in the credit decision process which starts at the Trade and Commodity Finance division.

In 2009, our aim is to increase our sector and geographical coverage in terms of trade finance activities. With challenging market conditions for customers as well as banks, liquidity will be a key factor for major players on both sides. TEB NV's clear strength, combined with an approach that is target-driven and provides tailor-made solutions, will contribute to bringing in new customers, i.e. both high-rated corporates and trading houses.

Our early efforts to broaden our customer base and sector coverage during the second half of 2008 resulted in decreasing TEB NV's Sector Risk Percentage Deviation Average from 5.0% in 2007 to 4.8% by the end of 2008. New customers from various old and new sectors, such as Energy and Soft Commodities, will assist in further decreasing this ratio.

Treasury

At the start of the reporting year, when relatively positive market sentiment was clouded by the ongoing sub-prime mortgage issue, TEB NV attracted good customer flows that were above expectations. This inflow slowed by the second quarter even though the sizes were still considerable. As the crisis hit the markets worldwide, the TEB NV Treasury had the advantage of enjoying sizable liquidity and minimal market exposure. The crisis drained liquidity from the markets, causing client hesitation on transactions, thereby making any kind of trade almost impossible. Even under these stressful conditions, TEB NV Treasury was able to more than weather the global storm and to post a profit that was close to budget.

The range of products covered by the Treasury Department remained the same; G7 and Turkey (sovereign) are the Treasury's major markets for the Bank's trading portfolio. Treasury continued to price FX, Fixed Income and Structured Products (Dual Currency Deposits) at the usual best pricing and no-commission (no-commission is particularly applicable to the latter two product groups).

The Bank's Available for Sale portfolio is mainly composed of sovereign debt securities with diversified credit risk counterparties.

The total marketable securities portfolio of EUR 24.4 million is restricted by the Bank's internal limits, namely that such assets cannot exceed 10% of the total assets of the Bank.

As forecasts vary for 2009, it will certainly be a challenging year. High volatility and low liquidity is a serious constraint but it is expected that customer volume may increase to benefit from high yields in the emerging markets.

As the crisis hit the markets worldwide, the TEB NV Treasury had the advantage of enjoying sizable liquidity and minimal market exposure.

Forfaiting was effectively used to enhance not only profitability but also utilization of bank lines in a prudent risk approach.

Financial Institutions

In 2008, the Financial Institutions Department strengthened relationships with existing correspondent banks, broadened its correspondent network and added new business partners in new regions and countries. The Department was also active in forfaiting banks` assets in secondary markets. Due to the financial crisis, TEB NV decided to increase its bank exposure in selected countries and counterparties and, as a result, the funded exposure to banks, excluding money market placements, grew from EUR 128 million at year-end 2007 to EUR 217 million in October 2008; the year closed at EUR 189 million or 48% higher than the previous year.

The FI Department's main focus of activity in 2008 was supporting other businesses within TEB NV. The Trade Finance & Marketing and Treasury departments were particularly close partners for Financial Institutions. To this end, the Department concentrated on further diversification of exposures in different countries and creation of new business opportunities with correspondent banks. By following a prudent risk approach, in 2008 the Bank established the required transaction limits for its correspondents and reviewed existing limits through detailed financial analysis.

In addition to its trade finance activities, the Financial Institutions Department continued to strengthen its forfaiting activities to utilize bank limits effectively and to contribute to the Bank's profitability. Membership in the International Forfaiting Association (IFA) has enabled the Bank to expand its secondary market network. In 2008, the focus was on further developing forfaiting activities, both as a buyer and a seller. The Department's aim in 2009 is to become more active in forfaiting of non-bank transactions, such as those for non-bank-Financial Institutions and corporate clients.

Continuing its heightened credit risk alertness that started in the second half of 2007, the Bank exhibited a prudent approach to its trade finance and forfaiting activities throughout 2008. This approach will continue in 2009 and will be reviewed periodically through close consultation with the shareholders.

For 2009, the Department will pursue the creation of added value by means of expert knowledge in financial institutions' products. It will take full advantage of additional synergies inherent in BNP Paribas` knowledge of a broad spectrum of countries around the world. Selective growth in promising markets with a risk-averse approach will be promoted and the Department will continue to provide the highest-quality services to its correspondents and clients, both internal and external.

Private Banking

At year-end 2008, the Private Banking Department had a deposit base of EUR 88 million and held EUR 34 million in securities in custody. The deposit base contracted by approximately 9% compared to the previous year-end, in the face of opposing trends. While on the one hand, in turbulent markets the Private Banking Department benefited from TEB NV's solid corporate image, on the other hand, we saw outflows of price-sensitive customers trying to benefit from higher interest rates in the market.

One of the main priorities in 2008 was to develop alternative products and to incorporate these in accordance with customer expectations and risk profiles. Marine finance was one such product that was successfully introduced, albeit the onset of financial market uncertainty limited its fuller utilization. This new business line is unique among our peers. Furthermore, we continued to offer BNP Paribas products, especially investment funds. We also remain active in structured deposits, stocks, bonds, foreign exchange and mutual funds.

Our objective in 2009 is sensitivity to client needs and the continued development of new products, also through cooperation with BNP Paribas, to better fill out the product offering.

Retail Deposits

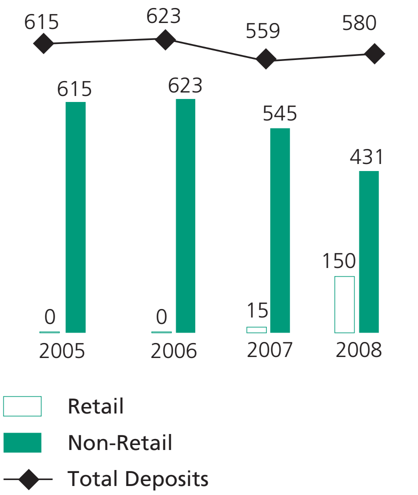
The Bank started retail-deposit activities in the Dutch market in 2007 by introducing the TEB Ster Savings Account and the TEB Ster Deposit Account. Together, these products cover maturity terms from overnight to five-year fixed-term deposits with competitive conditions.

The Bank succeeded in attracting customers through inviting interest rates and full personal service aimed at building up market share. At the end of 2007, the volume of savings and time deposits was EUR 15 million. After an efficient start-up that clearly addressed associated risk and its mitigation, in 2008 significant progress was made on increasing efficiency and customer convenience in executing daily transactions. The Bank's Retail Deposits Department now has a satisfactory call-center service handling a growing volume of enquiries.

Customer support and reliable services provided by the Department was reflected in volume of the savings and deposits which reached a peak of EUR 193 million at the end of July 2008.

In October 2008, the Dutch retail market was shocked by the failure of Icesave, the internet banking arm of Iceland's Landsbanki. As a result, almost 400,000 depositors in the UK and the Netherlands were unable to access their funds for six

Total Deposits (EUR million)



The risk assessment and management process is designed to consider the differences between the products and the associated credit risk components separately for corporate lending, financial institutions and private banking lending.

to eight weeks. Subsequently, the Dutch Central Bank increased its deposit guarantee from EUR 38,000 to a maximum of EUR 100,000 per depositor per bank, with cover for all banks eligible for the scheme.

Due to these very specific market conditions there was an instant outflow of retail deposits from smaller banks and the interest on savings and time retail deposits were raised drastically due to liquidity concerns in the market. Comforted with its significantly liquid position, TEB NV has decided to be an observer to the developments and closed the year 2008 with a EUR 150 million retail deposits balance.

The main priority in 2009 will be focus on automation of processes and establishing excellence in operations and services. The Retail Deposits Department is committed to value creation and its goal is to establish lifetime relationships with its valued customers.

Risk Management

TEB NV has a comprehensive and prudent approach to risk, its identification and management. In the risk management process, the Supervisory Board and its Audit Committee play a significant role. Policies on risk management are established and fully communicated to all relevant bank personnel. TEB NV aims to capitalize on its prudent approach and strict risk management procedures.

Credit risk

Credit risk is the risk of incurring an economic loss on loans and receivables, existing or potential due to prior commitments, resulting from the credit quality migration of the Bank's debtors, which may eventually come to default. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment.

Management of credit risk covers the whole lending process, from target market definition to collection of lending proceeds and prudent portfolio management.

As a Bank with a clear, albeit not exclusive focus on trade, commodity finance and related lending, credit risk management is one of the utmost priorities with regard to risk management policies. The risk assessment and management process is designed to consider the differences between the products and the associated credit risk components separately for corporate lending, financial institutions and private banking lending.

Core Credit Risk Policies of TEB NV specifically address: i) establishing an appropriate credit risk environment and appetite; ii) operating under a sound credit granting process; iii) maintaining an appropriate credit administration, measurement, monitoring and reporting process; and iv) ensuring adequate control over credit risk at portfolio, concentration group and individual facility level.

TEB NV's comprehensive and highly prudent credit policy has enabled the Bank to maintain its non-performing loans level at a percentage of 0.6%, even during 2008, a year when credit portfolios of financial institutions were exposed to extraordinary stress. Parallel to its cautious and prudent approach to credit risk, TEB NV has fully provisioned its non-performing exposures and has furthermore reserved a 1% portfolio level provision for its funded exposure to non-financial institutions.

TEB NV has established a credit policy for financial institutions that is able to distinguish practices applicable to investment grade and non-investment grade banks. Turkish banks are evaluated separately through an internally developed rating scale. Maximum exposures per exposure type acceptable for varying rating levels are determined in the Bank's credit policy. During 2008, parallel to the increased risk perception of exposures to financial institutions, limit and exposure levels to financial institutions counterparties are more intensely reviewed by the local credit committee in cooperation with the TEB Group credit committees.

Internal rating

The internal risk rating system is an essential and comprehensive tool for monitoring the Bank's credit risk exposure. Such a system is utilized to support the identification and measurement of inherent risk related to all credit exposures and the overall analysis of credit risk and its composition. Policies and processes are supported by a cluster of internal rating systems. The internal risk rating policy applicable for financial institutions in Turkey evaluates both qualitative and quantitative factors. Furthermore, within the internal risk rating policy framework, two specialized methodologies which include qualitative and quantitative criteria are applied to corporate lending exposures and trade-related financings. Due to the complicated nature of such trade finance transactions, each facility is reviewed and approval is given on a transaction basis when deemed necessary.

Credit approval process

TEB NV is a customer-oriented bank working in a niche market focused mainly but not exclusively on trade and commodity finance activities. Every TEB NV trade finance customer can potentially have a unique trade cycle and an individualized

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need for financing. Therefore, TEB NV examines the financial needs in every credit proposal thoroughly, including shareholder structure, integrity of management, historical information, trade cycle, financials and rating and finally, the conditions under which TEB NV is willing to grant the requested facilities. For trade and commodity finance structures especially, tailor-made recommendations are developed for risk mitigation to reach an acceptable risk level for TEB NV.

Management Credit Committee members are responsible for judging and evaluating the rating assigned to the client as well as all the other components of the credit proposal. Credit proposals evaluated and approved by members of the Management Credit Committee in line with established procedures are submitted for the approval of the Supervisory Board Credit Committee in cases where they exceed the credit approval authority delegated to the Managing Director.

Credits Function

An independent credit function enables the Bank to separate responsibilities and avoid conflict of interest between initiating and granting credit facilities to clients. The Bank's credits function ensures:

- Adherence to credit policy decisions and procedures;
- Compliance of the discretions used by the bank's mandated officers regarding utilizations under the required conditions;
- Control of the utilization conditions with the approved credit lines provided; and
- Reporting of all significant aspects of the credit risk to which the bank is exposed to the Management Credit Committee in a regular and timely manner.

In addition to the proper utilization of established lines per individual transaction, the Credits function is also responsible for following up the limit revision dates, overdrafts and limit excesses as part of its credit administration duties.

Market risk

Market risk is defined as the risk of incurring an economic loss as a result of adverse changes in market parameters, whether directly tradable or not. Tradable market parameters include, but are not limited to, foreign exchange rates, security and commodity prices, derivatives prices, as well as related factors such as interest rates, credit spreads, implied volatility or implied correlation. Non-tradable market parameters are derived from assumptions based on models or statistical analysis, such as correlations.

Components of fundamental indicators such as liquidity position, foreign currency exposure, maturity mismatches, banking book interest rate risk and sensitivity, marketable securities portfolio exposure and valuation and financial statements are generated and reported by the Financial Control and Risk Management departments to the Management Board and Asset and Liability Committee (ALCO) periodically. Experienced bank management, comprehensive management information reporting tools and well-designed monitoring cycles are key elements in assessing acceptable levels of market risk exposure.

Treasury is responsible for management of the day-to-day liquidity position. Parallel to the Bank's Liquidity Policy, the Risk Management function observes and reports the liquidity parameters as established in the policy to the Management Board. In line with global TEB policies, liquidity and cash flow standings together with related gap analyses are tested periodically against defined limits.

The stop-loss limits for foreign exchange trading and marketable securities portfolio set by the Supervisory Board is controlled and any excess is reported by the Risk Management Department.

Compliance with tenor and amount limitations defined by the Supervisory Board for the marketable securities portfolio and short-term placements to financial institutions are assessed daily by the Risk Management Department.

Concentration risk

Concentration risk denotes the risk arising from an uneven distribution of counterparties in credit or any other business relationships or from a concentration in business sectors or geographical regions which is capable of generating losses large enough to jeopardize an institution's solvency.

TEB NV considers large exposure, industry and country concentration as three significant components of its concentration risk management process and has integrated these risk components to its solvency calculation methodology.

TEB NV monitors credit risk concentrations on significant exposure to an individual counterparty or group of related counterparties, internal rating groups, sector/industry, bank products and geographic region. Such concentrations are reported by Credits and Risk Management Department to the Management Credit Committee periodically.

In each Credit Committee meeting, concentrations of large items, ratings, industry, currency and market information are presented for comparative review by the Credit Committee.

Country risk

Country risk is the risk of losses due to debtor default caused by the failure of a foreign country to fulfill its own obligations or hinder the remittance of funds by the debtors operating under their governance, either for financial reasons (transfer risk) or for other reasons (political risk).

TEB NV controls its country risk exposure through setting comprehensive limits determined for the relatively higher risk countries in which the Bank carries exposures. Such limits are managed dynamically and differentiate the inherent risk of different product lines.

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As Turkey is an important market for TEB NV, policies related to the Turkish Country limit are separately determined and quantified. The policy establishes a specific nominal country limit for Turkey with absolute ceilings to certain types of counterparties, such as sovereign, banking and corporate risks and also sets restrictions on product groups, such as working capital loans, other corporate exposures and trade finance exposures. Economic and financial indicators of Turkey are followed with early warning and sustaining review criteria. Depending on the nature of changes in early warning triggers or sustaining review indicators aligned with the importance allocated to these factors, any shift prompts immediate action from the Bank's management, or results in a comprehensive discussion of developments that might necessitate a revision of the country limit policy.

Basel II

The Basel II Capital Adequacy Framework sets an international standard in bank capital management and was defined by the Bank of International Settlements (BIS). The aim of this framework is to promote more sophisticated measurement and management of key banking risk. The new capital adequacy framework came into force starting from January 1, 2008.

Within the context of Basel II preparations, TEB NV implemented its ICAAP (Internal Capital Adequacy Assessment Process) during 2007 and, working under the supervision of the Dutch Central Bank, revised it in 2008 due to changing economic climate. ICAAP aims to address all the Bank's risk management tools and to inform the Management and Supervisory Boards on the ongoing assessment of the Bank's risk, how the Bank intends to mitigate that risk and how much current and future capital is required when mitigating factors are taken into consideration. The ICAAP document covers minimum capital requirements for credit, market and operational risk and indicates the control and management of all the Bank's other key risks. ICAAP also covers stress-testing scenarios, where certain hypothetical shock levels are applied to the Bank's significant risk factors. ICAAP is an ongoing process that the Bank will use to assess changing market conditions as well as the risk to which it is exposed; accordingly, the Bank will update its capital adequacy and planning process to address all significant risk sufficiently.

Capital Adequacy Requirement calculations that include both pillar 1 and pillar 2 requirements are performed on a regular monthly basis by the Risk Management Department and reported to the Management Board. Pillar 3 requirements of the Basel II framework are addressed in the Management Report and Financial Statements of the Bank starting from year 2008.

Operational and Compliance Risk

Operational risk

Operational risk can be defined as the risk of direct or indirect loss resulting from inadequate and/or failing internal processes, systems and personnel. The Compliance & Operational Risk Department pays the utmost attention to mitigating operational risk through the application of effective internal control procedures with clear and comprehensive user instructions, as well as the efficient administering of the Bank's customer due diligence process. In addition, the internal audit function evaluates and improves the adequacy and effectiveness of operations through a systematic, disciplined approach. Insurance risk is also part of operational risk whereby the internal audit function monitors the coverage for various types of insurance and ensures that any claim arising from damages is properly administered.

Legal risk

Legal risk can have a negative impact through lawsuits, criminal investigations and contingent fines. In order to eliminate any uncertainty and operate smoothly in a risk-free manner, TEB NV uses standard agreements for marketed financial products and, where necessary, receives specialized legal advice from recognized experts in the field concerned. The responsibility for keeping abreast of new legal developments lies with the Compliance & Operational Risk Department, while the Credits and Risk Management Department ensures that the changes applicable to current situations are properly applied in credit-related transactions in a timely manner.

Integrity risk

Integrity risk arises from inadequate compliance with legal regulatory obligations, standards and codes of conduct and/or the reporting requirements of supervisory authorities. TEB NV is profoundly committed to sustaining a reliable reputation in markets in which it operates through the internal audit function. Compliance Officers are responsible for both matters relating to supervision of the code of conduct and other issues involving prudent supervision. The Compliance and Operational Risk Manager reports directly to the Management Board and also has an open communication line to the Supervisory Board if needed. The aim is to ensure compliance with current regulations in order to prevent operational, legal and/or integrity risks that may be encountered during the operational lifecycle. The Bank's Compliance Officers are responsible for identifying and implementing applicable laws and regulations and advising staff members on compliance issues to maintain continual awareness. This means that the Compliance and Operational Risk Manager is a central contact person and an advisor for the organization and also safeguards the integrity of the institution, Management and other employees to minimize reputation, operational and legal risk.

Some important compliance issues:

1. Customer Due Diligence (CDD) / Know Your Customer (KYC)

CDD and KYC procedures are important to protect the Bank's reputation and integrity by ensuring that we do not get involved in, or are used for money laundering and terrorist financing activities. This protection is achieved by setting up adequate policies and procedures. The Bank's CDD and KYC procedures are utilized as crucial elements in the effective management of banking risk. The Compliance Officers check if CDD and KYC procedures are working properly; they also train and instruct staff members on all related issues.

TEB NV is profoundly committed to sustaining a reliable reputation in markets in which it operates through the internal audit function.

The Bank's Customer Due Diligence (CDD) and Know Your Customer (KYC) procedures are utilized as crucial elements in the effective management of Bank's compliance risk.

When a client wants to establish a relationship with the Bank, consideration is given to the character, moral and business reputation of the client and to any connections the client may have. TEB NV will apply heightened scrutiny to clients and beneficial owners resident in and funds sourced from countries identified by credible sources that have inadequate anti-money laundering standards, or a high risk of crime and corruption.

In this respect, customer identification is an essential element in an effective customer due diligence program. This program has been implemented by the Bank to guard against reputation, operational and legal risks. It is also necessary in order to comply with anti-money laundering legal and regulatory requirements and a prerequisite for the identification of bank accounts related to terrorism. In that respect, no account is opened until we have received the required documentation.

2. Account monitoring

The Account Officers and Compliance Officers monitor account activity to ensure effective control and reduce the risk of illegal activities. Comprehension of normal and reasonable account activity is essential to identify transactions that fall outside regular patterns. Without such controls, it is not possible to detect suspicious transactions and TEB NV could be exposed to risk or involvement in illegal activities. Moreover and from a potential money-laundering perspective, Compliance Officers also monitor transactions coming from persons and countries through the NCCT, European Sanction and OFAC list by way of an automated filtering application (SafeWatch). If irregularities are identified, suspicious transactions are reported to regulatory bodies in accordance with the Netherlands' Act on the Prevention of Money Laundering and Terrorist Financing (Wwft).

3. Code of conduct

We have implemented a Code of Conduct that includes principles and regulatory requirements to which staff members must adhere regarding price-sensitive information and private security transactions.

3.1 Rules regarding price-sensitive information

The Bank maintains a list of those staff members who (on occasion) have access to confidential and price-sensitive information; this is the so-called insider list. Each staff member (insider) included in this list has signed the Code of Conduct, declaring that:

- Insider exercises utmost care in handling price-sensitive or confidential information;
- Insider reports price-sensitive or confidential information to the compliance officer; and
- Insider is bound to supply all necessary information to the compliance officer.

The Compliance Officer monitors how staff members deal with price-sensitive or confidential information.

3.2 Rules regarding private security transactions

The main reason that the Bank's Code of Conduct incorporates rules on private security transactions is to prevent staff members from using internal private information for their own purposes. Staff members considered insiders are obliged to report their private security transactions to the Compliance Officer. The Compliance Officer checks if there is a conflict of business and private interests and further checks whether there is any question of 'front-running.' When a staff member wants to execute a transaction that is on the Bank's restricted list, he/she requires prior approval from the Compliance Officer.

4. Chinese walls

The Bank has implemented 'Chinese Walls' so that information within 'the need to know group' does not become common knowledge among staff members who belong to another department. This is to avoid conflict of interest in the organization. The Bank's 'Chinese Walls' are organized through physical, organizational, personnel and system separation. The Compliance Officer checks regularly if the implemented 'Chinese Walls' are working properly. Furthermore, the Compliance Officer checks whether the Bank is acting in the best interest of its clients.

5. Screening policy

The Bank has a screening policy for new staff members. The Compliance Officer obtains written references from former employers during the previous five years so that an opinion can be formed on the fitness of the person concerned for a position with TEB NV.

6. Data protection act

To provide financial services to clients, the Bank makes use of their personal data. To ensure clients' personal data is protected against use by other parties, the Bank has taken measures according to the so-called 'Data Protection Act' ('Wet Bescherming Persoonsgegevens').

7. Administrative organization and internal control

The Bank has written policies, procedures and workflows for all significant activities. Also written job descriptions define required qualifications for and tasks and responsibilities to be performed by each position holder in the organization.

8. Training staff members

An important aspect of compliance is related to the 'behavior' and 'awareness' of staff members. Therefore, the Management, Compliance Officers and/or external parties, such as the Netherlands' Compliance Institute (NCI), regularly train and instruct staff members on compliance issues.

We have implemented a Code of Conduct that includes principles and regulatory requirements to which staff members must adhere regarding price-sensitive information and private security transactions.

The scope of internal auditing work encompasses a systematic, disciplined approach to evaluating and improving the adequacy and effectiveness of risk management, control and governance processes and the quality of performance in carrying out assigned responsibilities.

Internal Audit Function

TEB NV has outsourced its internal audit function to its full shareholder, Türk Ekonomi Bankası A.Ş. (TEB A.Ş.), within the framework of the 'Wet op het Financiële Toezicht 2006, Art.3:18' (Financial Supervision Act). The scope of internal auditing work, as stated in TEB NV's 'Audit Function Charter', encompasses a systematic, disciplined approach to evaluating and improving the adequacy and effectiveness of risk management, control and governance processes and the quality of performance in carrying out assigned responsibilities.

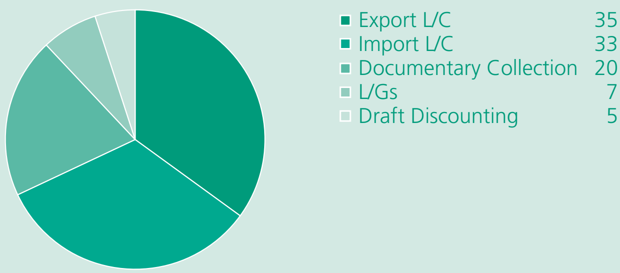
Management and the Audit Committee provide general and/or specific direction as to the scope of work and the activities to be audited, on the basis of annual risk evaluations. The Head of the General Inspection Department of TEB A.Ş. prepares and submits the annual Audit Plan to the Audit Committee of the Supervisory Board for approval. This plan establishes the priorities of the internal audit activity, consistent with TEB NV's goals and objectives. The internal audit function currently uses the risk-based approach to decide which audit activities are to be selected for inclusion in the annual Audit Plan. In the same manner, the internal auditor in charge develops and records a risk-focused plan for each audit task, which analyzes the inherent risk items and includes the objectives, scope, timing and resource allocation. The internal audit function conducts its activities in compliance with the International Standards for the Professional Practice of Internal Auditing developed by The Institute of Internal Auditors, which is the governing body for the internal audit profession worldwide.

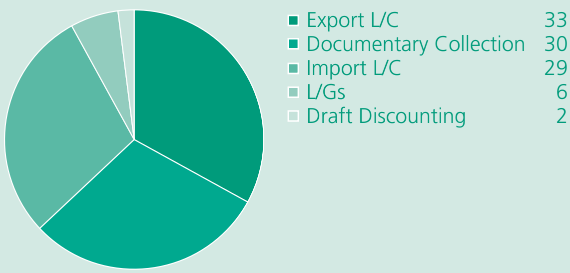
Documentary Credits and Guarantees

As part of its core business, TEB NV handles all types of trade finance instruments, primarily letters of credit, letters of guarantee, stand-by letters of credit, collections, forfaiting and bills discounting.

The Documentary Credits and Guarantees department's task is not only to minimize operational risk but also to support the Trade Finance Department and valued

Breakdowns of Trade Volume in 2007 and 2008 (%)





clients by offering tailor-made solutions for their specific needs. With 80 years of experience from the parent TEB A.Ş. and its close ties with global banking partner BNP Paribas, the Bank not only provides traditional trade finance, but also structured trade and complex commodity finance services.

The Department is experienced in both international trade regulations and in Turkish foreign trade legislation. Even though it is based in the Netherlands and operates within the Dutch banking framework, one of the main requirements for the documentary credits and guarantees department is to be up-to-date with ongoing international and Turkish trade regulations.

In the Documentary Credits and Guarantees Department whose highly experienced staff has an average of more than 10 years experience in all types of commodity and trade finance operations and transactions, , operational risk is minimized using this vast knowledge and through making multiple checks on complex transactions.

In order to standardize work types and to have more control over each and every transaction type, there are two separate units responsible for import and export transactions within the department. Each unit is responsible for its specific portion of the workload, its process, standardization, handling and regular reconciliations that are shifted by a semi-annual rotation.

In spite of unstable market conditions and worldwide uncertainties in trade business in 2008, which made the Department's job much harder, the Bank succeeded in handling a trade finance volume of EUR 1.7 billion without any difficulty or dispute.

Central Registry Department

The Central Registry Department is the starting point for all types of transactions at TEB NV.

In line with legal regulations, the Bank's general guidelines and the Department's internal procedures, the Central Registry Department pays utmost attention to identifying, accepting and working with customers, taking into consideration all manner of compliance issues and applying Customer Due Diligence (CDD) / Know Your Customer (KYC) procedures for each prospective customer. Careful reviews are carried out on incorporation documents, sanction lists and all other documentation. Each review is double-checked by Compliance Officers. With the support of newly implemented software, all new and existing private, corporate and retail banking customers are reviewed in the account opening stage and periodically against all applicable sanctions and regulations.

Valuable documents are held in trust by the Central Registry department following receipt and registration. The Department is responsible for follow up on legal documents and/or authenticated signatures with an expiry date; in case of missing documents, reminder lists to the related departments and to management are prepared weekly. The Department reports all missing documentation to the Internal Control and Compliance Departments.

As part of its core business, TEB NV handles all types of trade finance instruments, primarily letters of credit, letters of guarantee, stand-by letters of credit, collections, forfaiting and bills discounting.

In 2008, in spite of the worldwide economic crisis, in line with the general business volume of the Bank, a large number of transactions were handled smoothly with utmost care.

With the launch of the retail banking department within the Bank, the Central Registry Department took necessary measures beforehand by organizing the work and arranging necessary storage, license agreements, computer programs and number of staff in order to operate smoothly without having any additional operational and legal risk.

Operations

The Operations Department takes care of all incoming and outgoing customer payment transactions, loan and deposit bookings and foreign exchange bookings and custody of securities. Furthermore, it also functions as the back-office for both treasury and securities.

In 2008, in spite of the worldwide economic crisis, in line with the general business volume of the Bank, a large number of transactions were handled smoothly with utmost care.

The implementation of SEPA, which aims to reduce charges on standardized payments, started in January 2008. The Bank participates in SEPA as secondary node. Target2 became operational in February 2008.

In order to improve efficiency, the Bank started further automation efforts to reach a higher degree of straight-through transaction processing which will lead to quality improvements, both internally and externally, and which will be completed in 2009.

In 2009, the Bank will focus on projects for automation of all possible operations transactions, quality improvement as well as the increase of efficiency.

Information Technology

System Development

In 2008, in accordance with the guidelines of the Information Systems Audit and Control Association (ISACA), and the IT Governance Institute (ITGI), TEB NV has built a change management workflow and adopted a project management and issue tracking system within the current information system infrastructure. Another development on the information technologies-based infrastructure was the implementation of an improved and integrated fund transfer filtering and screening application in order to enhance compliance with anti-money laundering and prevention of terrorism financing rules.

Furthermore, TEB NV has automated the manual reconciliation processes to eliminate potential user mistakes and to increase the time efficiency of this crucial process. TEB NV has also successfully completed the migration of the Swift networks' new relationship management application.

IT Network Infrastructure and Communication

TEB NV has improved the infrastructure of the payment system by replacing existing hardware and increased the security level by implementing user-based authentication certificates. In response to the increasing need for internet-based services, TEB NV has migrated its current telecommunication infrastructure, increased its internet connection speed and restructured the bandwidth allocation methodology by using a high quality fiber optic technology.

Concluding Statement

In order to comply with the Basel II capital requirement directives and to maintain competitiveness, the Bank has proposed to the Supervisory Board and consequently to the Annual General Meeting of Shareholders to add the 2008 net profit, amounting to EUR 7.3 million, to retained earnings.

TEB NV will continue to focus on covering a broader geographical area while building its trade finance relationships and increasing international banking activities. In the meantime, the Bank will devote extraordinary attention to its risk management approach and maintain its prudent and conservative policies. While finding tailor-made solutions for the special needs of its valued customers, TEB NV aims to strengthen the already strong and reliable 'TEB Brand' both in and outside of Turkey.

The Bank aims to maintain its risk versus return equilibrium, high asset quality and market share taking into consideration global market conditions and to diversify the risk assets portfolio, which will form the most crucial tool in finding the most optimum returns for shareholders, this within the scope of Basel II capital requirement directives, in force from 2008 onwards.

Through the strength of the partnership with BNP Paribas, the positive impact on the Bank's performance is growing, especially on the business generation side. Furthermore, this partnership will help to improve the Bank's position and presence in European and other countries, while better serving both existing and potential clients.

Without disrupting internal and regulatory requirements, the Management Board will place great emphasis on re-determining the Bank's balance sheet size in order to minimize the cost of excessive liquidity as well as maintaining further control on its operating expenses.

The Bank appreciates the confidence of both correspondents and loyal client base in TEB NV and will continue to do its utmost to deserve such trust in future. The Management would like to take this opportunity to express its gratitude to all stakeholders for their continuous support for endeavors to achieve TEB NV's mission.

The Bank believes firmly that the effective deployment of experienced professional personnel is the key to success. The Management Board would like to thank all employees for their valuable contribution; it is through their hard work that the Bank has been able to achieve favorable results despite a difficult economic environment.

March 27, 2009

Özden Başaran Odabaşı
Chairman of Management Board

Orkun Mungan
Management Board Member

TEB NV will maintain its prudent and conservative risk policies and is committed to maintaining its risk versus return equilibrium, high asset quality and market share.

The Economy Bank N.V.
Financial Statements
For the year ended as of 31 December 2008

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The Economy Bank N.V.
Consolidated Income Statement
For the year ended as of 31 December 2008
(Thousands of Euros)

	Notes	2008	2007
Interest income		41,073	48,181
Interest expense		(28,453)	(37,634)
Net Interest income	**5.1**	**12,620**	**10,547**
Fees and commission income		7,682	7,098
Fees and commission expense		(72)	(225)
Net fees and commission income	**5.2**	**7,610**	**6,873**
Net trading income	5.3	362	(86)
Net gains / (losses) on financial assets at fair value through profit or loss	5.4	207	(15)
Total operating revenue		**20,799**	**17,319**
Specific impairment losses	6.6	(1,895)	-
Portfolio level impairment losses	6.6	(1,335)	-
Net operating revenue		**17,569**	**17,319**
Personnel expenses	5.5	(5,240)	(4,872)
Administrative expenses	5.6	(2,197)	(2,177)
		(7,437)	**(7,049)**
Depreciation and amortization	6.9,6.10	(262)	(275)
Operating expense		**(7,699)**	**(7,324)**
Operating profit before taxation		**9,870**	**9,995**
Income tax expense	5.7	(2,532)	(2,410)
Profit for the year attributable to the equity holders of the parent		**7,338**	**7,585**
Earnings per share (full Euros)	**5.8**		
Basic earnings per share		122.29	126.42
Diluted earnings per share		122.29	126.42

The Economy Bank N.V.
Consolidated Balance Sheet
As at 31 December 2008
After proposed profit appropriation
(Thousands of Euros)

	Notes	2008	2007
Assets			
Cash and balances with central banks	6.1	176,971	11,417
Securities held-for-trading	6.2	1,492	7,754
Derivative financial instruments	6.11	331	241
Short term placements to banks	6.3	50,948	180,537
Financial assets at fair value through profit or loss	6.4	30,404	13,604
Loans and advances to banks	6.5	159,057	114,271
Loans and advances to customers	6.6	158,545	325,600
Securities available-for-sale	6.7	12,998	4,122
Securities held-to-maturity	6.8	9,863	4,536
Other assets and prepayments	6.12	319	227
Deferred tax assets	5.7	340	-
Property and equipment	6.9	3,710	3,869
Intangible assets	6.10	263	98
Total Assets		**605,241**	**666,276**
Liabilities			
Due to banks	6.13	5,752	37,432
Derivative financial instruments	6.11	135	517
Securities to be delivered	6.14	-	2,934
Due to customers	6.15	520,159	553,150
Taxation liability	6.16	203	383
Other liabilities and accruals	6.17	1,522	1,439
Total Liabilities		**527,771**	**595,855**
Equity			
Attributable to the equity holders of parent			
Share capital	6.18	30,000	30,000
Retained earnings	6.18	47,769	40,431
Other Reserves	6.18	(299)	(10)
		77,470	**70,421**
Minority interest		-	-
Total Equity		**77,470**	**70,421**
Total Equity and Liabilities		**605,241**	**666,276**
Commitments		522	492
Contingent Liabilities		48,213	121,578
Total Commitments and Contingent Liabilities	**8**	**48,735**	**122,070**

The Economy Bank N.V.

Consolidated Statement of Changes in Equity

For the year ended as of 31 December 2008
After proposed profit appropriation
(Thousands of Euros)

	Paid-in capital	Retained earnings	Other Reserves	Total	Minority Interest	Total Equity
Balance at 1 January 2007	**30,000**	**32,846**	**-**	**62,846**	**-**	**62,846**
Profit for the year	-	7,585	-	7,585	-	7,585
Net gains/(losses) on securities	-	-	(10)	(10)	-	(10)
Balance at 31 December 2007	**30,000**	**40,431**	**(10)**	**70,421**	**-**	**70,421**
Balance at 1 January 2008	**30,000**	**40,431**	**(10)**	**70,421**	**-**	**70,421**
Profit for the year	-	7,338	-	7,338	-	7,338
Net gains/(losses) on securities	-	-	(289)	(289)	-	(289)
Balance at 31 December 2008	**30,000**	**47,206**	**(299)**	**77,470**		**76,907**

The Economy Bank N.V.

Consolidated Cash Flow Statement

For the year ended as of 31 December 2008
(Thousands of Euros)

	Notes	2008	2007
Cash flows from operating activities			
Profit for the year		7,338	7,585
Depreciation and amortization	6.9,6.10	262	275
Change in securities held-for-trading		6,262	(4,253)
Change in derivative financial instruments		(471)	566
Change in short term placements to banks		72,616	153,605
Change in financial assets designated at fair value		(16,800)	(13,604)
Change in loans and advances to banks		(44,786)	13,909
Change in loans and advances to customers		167,055	(21,499)
Change in securities available for sale		(17,108)	(4,132)
Change in due to banks		(28,726)	(3,067)
Change in securities to be delivered		(2,934)	2,934
Change in due to customers		(32,991)	(70,336)
Other changes in other assets and liabilities		(530)	1,190
Total cash flows from operating activities		**109,187**	**63,173**
Cash flows from investment activities			
Investment in property and equipment and intangible assets	6.9,6.10	(268)	(167)
Change in securities held-to-maturity		2,617	1,436
Total cash flows from investment activities		**2,349**	**1,269**
Total cash flows from financing activities		-	-
Net cash flow		**111,536**	**64,442**
Cash balance as at the beginning of the year		95,486	31,044
Cash balance as at the end of year		207,022	95,486
Change in cash balance		**111,536**	**64,442**
Cash and cash equivalents			
Cash and balances with central banks		162,772	57
Net cash position from banks on demand & overnight placements		44,250	95,429
Total cash and cash equivalents		**207,022**	**95,486**
Cash flow from operating activities include:			
Interest received		49,959	47,901
Interest paid		(30,970)	(39,829)
Income tax paid		(3,053)	(2,165)
Effect of exchange rate changes on cash and cash equivalents		3,298	(1,931)

The Economy Bank N.V.
Notes to the Consolidated Financial Statements

1. General Information

The Economy Bank N.V. (TEB NV, bank) is a public limited liability company, incorporated on 17 November 1998 in Amsterdam, The Netherlands. The main activities of the bank are trade and commodity finance, private banking and retail deposits activities. The bank employs 68 people at 2008 year-end. The trade registry office of The Economy Bank N.V. is located in Amsterdam. The registered office of the bank is at Professor Keesomlaan 5, 1183 DJ, Amstelveen, the Netherlands. The bank has a representative office in Istanbul, Turkey.

The bank is wholly owned by Türk Ekonomi Bankası A.Ş. (TEB A.Ş.), incorporated in Turkey. TEB A.Ş. is a listed company in the Istanbul and London (GDR) Stock Exchanges. The financial information of the bank will be consolidated in the financial statements of TEB A.Ş., which is a participation of TEB Mali Yatırımlar A.Ş. (TEB Financial Investments), the holding company of the TEB Group. In 2005, BNP Paribas acquired 50% of the shares of TEB Mali Yatırımlar A.Ş.

These consolidated financial statements have been approved to issue by the Supervisory Board on 27 March 2009.

2. Adoption of New and Revised Standards

In the current year, the bank has adopted the new and revised standards and interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB those are relevant to its operations and effective for annual reporting periods beginning on 1 January 2008.

IFRS 8 Operating Segments (effective 1 January 2009) 8 will be adopted in the Bank's financial statements for the period commencing 1 January 2009. The directors anticipate that IFRS 8 will have no material impact on the financial statements of the Group in the period of initial application. The recently issued IFRIC's 15, 16, 17 and 18 are not applicable to TEB NV.

3. Summary of Significant Accounting Policies

The accounting policies applied in the preparation of these consolidated financial statements as set below have been consistently applied to all the periods presented unless otherwise stated.

3.1. Basis of Presentation

The consolidated financial statements of the bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the legal requirements for the annual accounts of banks contained in Part 9, Book 2 of the Netherlands Civil Code. The consolidated financial statements have been prepared under the historical cost convention, except for trading securities, Financial assets at fair value through profit or loss, securities available-for-sale and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in Euros, and all values are rounded to the nearest thousand Euro unless otherwise is stated.

3.2. Functional and Presentation Currency

Items included in the financial statements of each of the bank's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euros, which is the bank's functional and presentation currency.

3.3. Consolidation

The consolidated financial statements include the accounts of TEB NV and its investments in Kronenburg Vastgoed B.V. (KVBV) and Stichting Effecten Dienstverlening (Stichting), which the bank exercises control over. KVBV is a 100% subsidiary of TEB NV and acts as the real estate company founded with the purpose of the ownership of property used by the bank. Stichting is the foundation acting as the custody services provider founded to serve exclusively to the bank's customers and 100% of its equity is provided by the bank.

Subsidiaries, which are those companies and other entities in which TEB NV, directly or indirectly, has power to control the financial and operating policies and owns more than 50% of voting rights of a company's share capital, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the bank and are no longer consolidated from the date that control ceases.

Intercompany balances and transactions, including the intercompany gains and losses on transactions, realized or unrealized, between the bank and its' subsidiaries are eliminated.

3.4. Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction.

Assets and liabilities denominated in foreign currencies are translated into Euro, at the spot exchange rates prevailing at balance sheet date. Impact of foreign currency revaluation is presented in the income statement under net trading income.

3.5. Property and Equipment

The bank's property and equipment is stated at cost less accumulated depreciation and accumulated impairment value. Historical cost includes expenditures that are directly attributable.

The premises built for own use of the bank classified under the property and equipment line of balance sheet was stated at cost in 2004 and has been tested for impairment at subsequent periods. The registered ownership of the premises belongs to KVBV, which is a 100% subsidiary of TEB NV and consolidated to the financial statements of the bank.

Subsequent costs are included in the asset's amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will be available to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual value, at the end of their useful life, if any, using the following depreciation rates:

Building	2.50%
Furniture and Fixtures	20.00%
Office Equipment	33.33%
Motor Vehicles	20.00%
IT Hardware	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets classified under property and equipment are derecognized upon disposal or when no future economic benefits are expected from the use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are included in the income statement during the reporting period which the asset is derecognized.

3.6. Intangible Assets

Acquired computer software and their licenses are booked as intangible assets including both the costs incurred to acquire and to bring such software into use. These intangible assets have a finite useful life and their costs are amortized on the basis of the expected useful life of three years.

TEB NV periodically reassesses the useful lives of its intangible assets in accordance with the provisions of IAS 38. No adjustment has been required as a result of these reassessments.

Costs associated with general development or maintenance of computer software programs are recognized as expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the bank, and that are estimated to generate economic benefits exceeding the incurred costs beyond a period longer than one year are recognized as intangible assets.

Computer software development costs recognized as intangible assets are amortized using the straight-line method over their useful lives (not exceeding three years) with the estimation that they have finite useful lives.

Following the initial recognition, acquired and developed software costs are carried at cost less accumulated amortization and accumulated impairment costs.

3.7. Impairment of Property & Equipment and Intangible Assets

Property & equipment and intangible assets are reviewed for impairment at least at each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less the costs to sell and value in use.

3.8. Financial Instruments

The bank classifies its financial instruments in the following categories:

a. Financial assets held for trading:

All financial assets classified as held-for-trading are included in this category. Trading securities are either acquired for generating a profit from short term fluctuations in price or are included in a portfolio in which a pattern of short term profit taking exists. Gains or losses generated from financial assets held-for-trading are presented under net trading income line of the income statement.

b. Financial assets at fair value through profit or loss:

Financial assets which carry similar nature with loans and advances to banks but either do not carry originated transaction nature or decided by the management of the bank that such assets have to be evaluated at their fair value due to the risk management and investment strategy reasons are classified under this group of financial instruments. Financial assets at fair value through profit or loss are recorded at the balance sheet at fair value. Interest earned on such assets are recorded in interest income and changes in fair value are recorded in net gains / (losses) on financial assets at fair value through profit or loss in the income statement. Forfaiting assets which are classified under loans and advances to banks are presented at fair value and the fair value adjustments on such assets are presented in the income statement at net trading income line.

c. Short term placements to banks, loans and advances to banks and customers:

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the bank provides funds directly to a debtor with no intention of trading the receivable. Such assets are carried at amortized cost using the effective interest method less any impairment in value. Interest income and gains and losses with respect to the amortization of the financial assets as well as derecognition and impairment costs are recognized in the income statement.

d. Available-for-sale:

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale investments are recognized at fair value plus transaction costs. Gains and losses arising from changes in the fair value of available-for-sale investments are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in profit or loss. However interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in income statement.

e. Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the bank’s management has the positive intention and ability to hold to maturity. If the bank had to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

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

Held-to-maturity investments which are transferred from available-for-sale portfolio are measured at amortized cost using the effective interest method, less any impairment in value starting from the date of the transfer. Such transfers are made at the prevailing market value at the date of the transfer. Fair value gains and losses classified under the other reserves of the equity and accrued until the date of the transfer attributable to the assets transferred from the available-for-sale portfolio to the held-to-maturity portfolio are amortized until the maturity date of such assets.

f. Due to banks and customers:

Due to banks and customers are financial liabilities with determinable payments and fixed maturities where the substance of the contractual arrangement results in the bank to have an obligation either to deliver cash or another fixed and predetermined financial instrument.

Such liabilities are carried at amortized cost using the effective interest method. Interest expense with respect to the amortization of such financial liabilities as well as costs occurring during their derecognition and impairment are recognized as interest expense in the income statement.

g. Derivative financial instruments:

Derivative financial instruments consisting of foreign currency forward contracts and currency swaps are initially recognized at cost, with subsequent measurement to their fair value at each balance sheet date. Fair values are obtained from quoted market prices in active markets. All derivatives are separately evaluated and carried as assets when each transaction's fair value is positive and as liabilities when each transaction's fair value is negative. Derivative contracts are included in derivative financial instruments lines of assets and liabilities and changes in the fair value are included in the income statement, under net trading income. No hedge accounting has been applied.

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

3.9. Offsetting Financial Instruments

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

3.10. Recognition and Derecognition of Financial Instruments

The bank recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets and financial liabilities in the balance sheet are realized as follows:

Financial assets:

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where;

a) the rights to receive cash flows from the asset have expired or
b) while retaining the right to receive cash flows from the asset the bank has also assumed an obligation to pay them in full without material delay to a third party via a pass-through agreement or
c) the bank has either transferred substantially all risks and rewards of the asset, or the bank has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred the control of the assets.
In cases where the bank has transferred its rights to receive cash flows from an asset or assigned these rights through a pass-through agreement but has neither transferred nor retained substantially all risks and rewards of an asset, the asset is derecognized to the extent which the bank has remaining involvement.

Financial liabilities:

A financial liability is derecognized when the obligations under the liability are discharged or cancelled or expired.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

3.11. Determination of Fair Value

Fair value of financial instruments which are traded in active markets are determined either through market quotation or dealer price quotations without deduction of transaction costs.

Fair value of other financial instruments which are not traded in active markets are determined by using valuation techniques including net present value calculations and comparison to similar instruments in the market which assume similar level of risk.

3.12. Impairment of Financial Assets

The bank assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets are deemed to be impaired after its initial recognition if there is objective evidence of impairment indicated with several events that may cause an imminent loss or which may have impact to the future cash flows of the financial asset or group of financial assets.

If there is objective evidence that a significant impairment loss on loans and receivables carried at amortized cost has been incurred individually or collectively with similar financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of a provision account. The amount of the loss is recognized in the income statement.

The bank also assesses individually if there is evidence of impairment for held-to-maturity and available for sale financial assets. If there is objective evidence to indicate impairment in held-to-maturity assets, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows. The carrying amount of the held-to-maturity assets is reduced and the amount of the loss is recognized in the income statement. When there is objective evidence to indicate impairment in available for sale financial assets, the difference between acquisition cost and the fair value reduced by accumulated impairment losses is recognized in the income statement and any gain temporarily recorded directly in equity is reversed.

Separate from specific impairment analysis, the Bank assesses impairment on a portfolio basis for the financial assets grouped on the basis of similar credit risk characteristics which historical analysis evidences a need for such a practice. While grouping the assets which will be subject to the portfolio level impairment analysis, the Bank ensures that individual assets are allocated to groups of assets that share similar credit risk characteristics.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be evidenced objectively to an event incurred after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

3.13. General Banking Risks

The bank does not set any amount aside for general banking risks such as unidentified future losses or other unforeseeable risks. Local regulations and legislations in the operating country do not require the banks to set aside amounts for general banking risks.

3.14. Cash and Cash Equivalents

For the purposes of cash flow statement, cash and cash equivalents are defined as those amounts included in the balance sheet under the caption 'Cash and balances with central banks' (excluding minimum reserve which is kept at De Nederlandsche Bank N.V. (DNB) (Dutch Central Bank)) and 'Short term placements to banks' and "Due to banks" which are due on demand including overnight placements and borrowings from banks. The cash flow statement is presented in line with the indirect method. No cash flows from financing activities are presented at the cash flow statement as the Bank has no long term funding to finance its activities.

3.15. Leases

The lease contracts which the bank entered into as a lessee are of operating lease nature. An operating lease is where the bank does not acquire substantially the risks and benefits of the underlying asset. The operating lease obligations and payments are not recognized in the balance sheet but charged to income statement on a straight-line basis over the period of the lease contract.

When an operating lease is terminated before the lease period has expired, any obligation which has to be settled to the lessor is recognized as expense in the income statement at the period in which the termination takes place.

The bank has not entered into a lease contract as lessor.

3.16. Employee Benefits

Pension obligations:

The pension plan of the bank is based on a defined contribution as a percentage of the annual salary depending on the age of the insured, whereby the terms and conditions of the plan are based on each individual's requirements, under a fixed scheme, also allowing the individual staff members to contribute for their own account. The bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefits expense when employees have rendered services entitling them to the contributions.

3.17. Interest Income and Expense Recognition

All interest income and expense items, except the realized and unrealized interest on the marketable securities classified under trading portfolio, are recognized at amortized cost based on the effective interest rate method. All income and expense items are recognized in the financial reporting period which they relate.

The Economy Bank N.V.
Notes to the Consolidated Financial Statements

3.18. Fees and Commission Income Recognition

Fees and commissions earned through services or products provided over a certain period of time are accrued over that period. Fees and commissions on loans are recognized as adjustment to the effective interest rate on the loan.
Fees and commissions which can not be associated with a product or service provided over a certain period of time such as fund transfer fees and other one time banking transaction services are recorded as income when realized.

3.19. Net Trading Income

Net trading income consists of the results arising from any trading activity including related interest income and expense and gains and losses from changes in fair value.

3.20. Taxation

Effective tax rate is determined with consideration of all material timing differences between the profit before tax per commercial accounts and the fiscal profit described per the tax legislation and calculated over the current taxation rate of 25.5% in the Netherlands.

Any temporary difference between the IFRS Financial statements and the valuation for taxation purposes is subject to deferred taxation with the current taxation rate of 25.5%.

3.21. Equity

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the bank's shareholders. Dividends for the year that are declared after the balance sheet date are disclosed in events after balance sheet date note, if any.

3.22. Fiduciary Activities

The bank commonly acts in fiduciary capacities that result in the holding or placing of assets on behalf of its clients where the clients accept full risk with respect to exchange control, transfer limitations and/or possible insolvency risk of a debtor as well as any consequences resulting from legal restrictions causing restructuring of debts in the country where the debtor institution is operating. In such transactions, the clients explicitly indemnify the bank with respect to all losses and liabilities related to the use of third parties, including but not limited to the parties with which the investments are done.

The assets and liabilities which carry a fiduciary nature are derecognized from the balance sheet of the bank, except the related interest income and expense accruals, due to the reason that rights and obligations with respect to these assets and liabilities do not belong to the bank. As part of its fiduciary capacity, the bank has legally enforceable right to transfer all related risks of fiduciary transactions to the client where necessary.

3.23. Segment Reporting

A business segment is a distinguishable group of assets and operations engaged in providing products or services that are subject to risks and return which are different from those of other business segments.

A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environment.

3.24. Significant Accounting Judgements and Estimates

The preparation of financial statements in conformity with IFRS requires the use of judgement and estimates that affect the recognition and valuation of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the actual results may differ ultimately from these estimates. The key areas requiring an application of judgement and estimation include the assessment of risk and rewards and other relevant criteria when determining whether or not to recognize or derecognize a financial asset or financial liability, the useful life and depreciation periods of tangible fixed assets and intangible assets, the determination of the fair value of certain financial assets and liabilities, the amount and timing of future cash flows on possible impaired financial assets and other provisions.

4. Segment Information

The primary segment reporting format is determined to be business segments as the bank's risks and rates of return are affected by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. All activities of the bank are based in the Netherlands from one location; therefore there is no secondary geographical segmentation.

Trade finance and corporate banking segment (TFCB) is where trade and commodity finance activities, handling of loans and credit facilities together with other corporate banking services are provided including related correspondent banking relationships.

Private banking segment (PB) includes services provided to private investors such as depositing funds, investing and trading in government bonds, treasury bills and shares.

Treasury segment (Treasury) consists of central treasury functions including the management of bank's liquidity and currency position within acceptable levels in compliance with the regulations in the operating country.

Although the Bank has started to collect retail deposits in 2007, retail deposit collection business is not considered as a separate business segment by the management of the Bank but as a source of funding. Funds from retail deposits are distributed to the profit generating business segments according to the corresponding credit risk balances.

Segment disclosures include items either directly attributable to a segment or those that can be reallocated on a reasonable basis.

Income items under operating income of segment information disclosure are provided on the basis of contractual rights from third parties with relation to the related business activities defined under trade finance and corporate banking, private banking and treasury segments or in accordance with the participation of separate segments in the overall process of a product provided. Interest income disclosed under segment information includes both the interest income earned from third parties by a specific segment and also the interest income earned from other segments.

Costs of contractual liabilities to third parties have been allocated to business segments in accordance with the average risk balance carried by related business segments through out the year. Interest expense disclosed under segment information includes both the interest expense to third parties by a specific segment and also the interest expense to other segments.

Personnel expenses, administrative expenses and depreciation and amortization are allocated to the business segments based on service relations within the organization of the bank and their respective utility consumptions.

Segment assets and liabilities are disclosed on the basis of contractual rights and obligations to third parties as of the balance sheet date. Retail deposits amounting Euro 149,609 (2007: Euro 14,530) are allocated to the business segments according to the corresponding nominal funded credit risk balance of each segment. Fixed assets are allocated to the business segments based on service relations within the organization of the bank and their respective utility consumptions. Unallocated assets and liabilities of the bank consists of deferred tax assets amounting to Euro 340 (2007: nil), other assets and prepayments amounting Euro 319 (2007: Euro 227), taxation liability amounting Euro 203 (2007: Euro 383), and other liabilities and accruals amounting Euro 1,522 (2007: Euro 1,439).

Average full time equivalent number of employees in 2008 was 62 (2007: 58). Details of the headcount as of the balance sheet date are as follows:

	2008	2007
Trade Finance and Corporate Banking	22	16
Private Banking	2	3
Retail Deposit Collection	3	2
Treasury	2	2
Management	2	3
Operations	12	12
Financial Control and Accounting	5	4
Compliance and Operational Risk	2	2
Credits and Risk Management	5	5
Central Registry	4	3
Information Technologies	6	4
Administrative Services	3	4
	68	60

As of 31 December 2008

Income Statement	TFCB	PB	Treasury	Total
Interest income	26,899	629	13,545	**41,073**
Interest expense	(16,599)	(332)	(11,522)	**(28,453)**
Net Interest income	**10,300**	**297**	**2,023**	12,620
Net fees and commission income	**7,453**	**157**		7,610
Net trading income			362	**362**
Net gains / (losses) on financial assets at fair value through profit or loss	207			**207**
Total operating revenue	**17,960**	**454**	**2,385**	20,799
Specific impairment losses	(1,895)			**(1,895)**
Portfolio level impairment losses	(1,305)	(30)		**(1,335)**
Net operating revenue	**14,760**	**424**	**2,385**	17,569
Personnel expenses	(4,069)	(503)	(668)	**(5,240)**
Administrative expenses	(1,670)	(239)	(288)	**(2,197)**
	(5,739)	**(742)**	**(956)**	(7,437)
Depreciation and amortization	(199)	(29)	(34)	**(262)**
Operating expense	**(5,938)**	**(771)**	**(990)**	(7,699)
Operating profit before taxation	**8,822**	**(347)**	**1,395**	9,870
Segment Assets and Liabilities as of 31 December 2008				
Assets	314,692	2,910	283,007	**600,609**
Liabilities	358,104	91,262	76,680	**526,046**

As of 31 December 2007

Income Statement	TFCB	PB	Treasury	Total
Interest income	29,227	229	18,725	**48,181**
Interest expense	(20,564)	(189)	(16,881)	**(37,634)**
Net Interest income	**8,663**	**40**	**1,844**	**10,547**
Net fees and commission income	**6,648**	**225**	-	**6,873**
Net trading income	-	-	(86)	**(86)**
Net gains / (losses) on financial assets at fair value through profit or loss	(15)	-	-	**(15)**
Operating income	**15,296**	**265**	**1,758**	**17,319**
Personnel expenses	(3,453)	(747)	(672)	**(4,872)**
Administrative expenses	(1,656)	(303)	(218)	**(2,177)**
	(5,109)	(1,050)	(890)	**(7,049)**
Depreciation and amortization	(210)	(38)	(27)	**(275)**
Operating expense	**(5,319)**	**(1,088)**	**(917)**	**(7,324)**
Operating profit before taxation	**9,977**	**(823)**	**841**	**9,995**
Segment Assets and Liabilities as of 31 December 2007				
Assets	443,743	7,263	215,043	**666,049**
Liabilities	441,161	107,320	45,552	**594,033**

5. Income Statement

5.1. Net Interest Income

	2008	2007
Interest Income		
Balances with central banks and short term placements to banks	5,476	11,621
Securities available-for-sale	979	90
Securities held-to-maturity	261	426
Loans and advances to banks	10,115	8,195
Loans and advances to customers	24,242	27,849
	41,073	**48,181**
Interest Expense		
Due to banks	(3,903)	(2,413)
Due to customers	(24,550)	(35,221)
	(28,453)	**(37,634)**
	12,620	**10,547**

Interest income and interest expense from placements and deposits with fiduciary nature amounting Euro 2,261 (2007: Euro 4,099) are not reported in the related lines of the income statement as such underlying assets and liabilities are derecognized from the balance sheet. Fee income earned from fiduciary activities is classified under net fees and commission income.

5.2. Net Fees and Commission Income

	2008	2007
Fees and commission income		
Cash loan fees and commissions	2,904	2,417
Non-cash loan fees and commissions	3,333	3,169
Private banking fees and commissions	260	314
Fund transfer commissions	775	845
Other banking service commissions	410	353
	7,682	7,098
Fees and commissions expense		
Brokerage fees paid	(25)	(92)
Other fees paid	(47)	(133)
	(72)	(225)
	7,610	**6,873**

5.3. Net Trading Income

	2008	2007
Securities trading income/(loss)	83	157
Foreign exchange gain/(loss)	279	(243)
	362	**(86)**

Spot exchange rates against Euro (functional and presentation currency) for the major foreign currencies which are used in the translation of the asset and liabilities as of 31 December 2008 are 1.4088 and 2.1320 for USD and TRY, respectively (2007: 1.4729 and 1.7205 for USD and TRY, respectively).

5.4. Net gains / (losses) on financial assets at fair value through profit or loss

This line consists of the gains and losses arising from buying and selling, and changes in the fair value of the assets designated upon initial recognition as held at fair value through profit or loss and amounts to Euro 207 gain (2007: Euro 13 loss).

5.5. Personnel Expenses

	2008	2007
Salaries and bonuses	4,674	4,347
Pension expenses	150	146
Social security contributions	328	313
Others	88	66
	5,240	**4,872**

5.6. Administrative Expenses

	2008	2007
Maintenance costs and administrative expenses	1,694	1,735
Communication expenses	477	413
Rental expenses	26	29
	2,197	**2,177**

Administrative expenses include operating lease payments which are recognized as expense in the income statement amounting Euro 39 in 2008 (2007: Euro 38). The remaining liability under the operating lease agreements amounts to Euro 124 with a maximum remaining term of 3 years as of 31 December 2008 (2007: Euro 124).

Among administrative expenses, financial audit expenses provided by Deloitte Accountants B.V. and tax compliance expenses provided by Deloitte Belastingadviseurs B.V. amount to Euro 49 and Euro 6, respectively. (2007: Euro 58 and Euro 7, respectively).

5.7. Income Tax Expense

The taxation charge for the years ended 31 December comprises the following items:

	2008	2007
Current corporation and income taxes	2,872	2,410
Deferred tax income	(340)	-
	2,532	**2,410**

Deferred tax assets at 31 December are attributable to the items in the table below:

			2008		2007	
	Base	Applicable Tax Rate	Assets	Liabilities	Assets	Liabilities
Portfolio level impairment losses	1,335	25.5%	340	-	-	-
			340	-	-	-

Movement in deferred tax assets is as follows:

	2008	2007
Deferred tax assets at the beginning of the year	-	-
Deferred taxes on taxable temporary differences	340	-
Deferred tax assets at the end of the year	**340**	-

The effective tax rate of the bank is 25.5% (2007: 25.5%), which does not materially differ from the nominal tax rate.

5.8. Earnings per Share

Basic earnings per share for the year of 2008 amounting Euro 122.29 (2007: Euro 126.42) is calculated by dividing the profit for the year attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. The bank does not have any treasury shares.

Diluted earnings per share is equal to the basic earnings per share as there is no potentially dilutive ordinary shares of the bank such as convertible preference shares, convertible bonds or share options.

	2008	2007
Profit for the attributable to equity holders of the parent	7,338	7,585
In full numbers;		
Weighted average number of ordinary shares used in calculation of basic earnings per share	60,000	60,000
Dilutive and potentially dilutive ordinary shares	-	-
Weighted average number of ordinary shares used in calculation of diluted earnings per share	60,000	60,000
In full Euros;		
Basic earnings per share	122.29	126.42
Diluted earnings per share	122.29	126.42

6. Balance Sheet

6.1. Cash and Balances with Central Banks

Cash and balances with central banks include the cash in hand and reserves and short term placements with DNB.

	2008	2007
Cash in hand	2	1
Reserves at Central Bank, minimum reserve requirement	14,197	11,360
Reserves at Central Bank, accrual and the excess amount of minimum reserve requirement	30	56
Short term placements with Central Bank	162,742	-
	176,971	**11,417**

Reconciliation of cash and cash equivalents for the purpose cash flow statement is as follows:

	2008	2007
Cash and cash equivalents, excluding the minimum reserve requirement	162,772	57
Short term placements to banks with overnight maturity(6.3)	47,381	101,514
Due to banks with overnight maturity (6.13)	(3,131)	(6,085)
	207,022	**95,486**

6.2. Securities Held-for-Trading

Trading securities portfolio of the bank is composed of public debt securities amounting Euro 1,492 and Euro 7,754 as of 31 December 2008 and 2007, respectively.

6.3. Short Term Placements to Banks

The item includes cash in banks and all short term placements to banks. The balance includes short term placements amounting Euro 50,948 and Euro 180,537 as of 31 December 2008 and 2007, respectively. Cash in banks includes the bank accounts of consolidated subsidiaries amounting Euro 7 and Euro 5 as of 31 December 2008 and 2007, respectively.

Interest income accruals amounting Euro 18 (2007: Euro 54) related to the placements with fiduciary nature of Euro 60,335 (2007: Euro 50,920) which are derecognized from the balance sheet are classified under this line of the balance sheet.

	2008	2007
Cash in banks	6,347	4,431
Overnight placements	41,034	97,083
Placements maturing within one month	3,567	79,023
	50,948	**180,537**

6.4.Financial Assets at Fair Value through Profit or Loss

The balance includes the financials assets which carry similar nature with loans and advances to banks but is being monitored at a separate forfaiting portfolio due to risk management and investment strategies of the bank. For the year 2008, losses from fair value changes of this forfaiting portfolio amounts to Euro 90 (2007: Euro 62).

6.5. Loans and Advances to Banks

The balance includes loans and advances to banks, discounting of letters of credits and bank avalized obligation drafts amounting Euro 159,057 and Euro 114,271 as of 31 December 2008 and 2007, respectively.

6.6. Loans and Advances to Customers

These include all loans and advances, excluding the loans and advances given to banks. The balance includes the total impairment provision for loans and advances to customers amounting Euro 3,230 (2007: nil), of which Euro 1,995 represents the provision for individually assessed impaired assets and the remaining amount of Euro 1,335 represents the portfolio level impairment losses. The interest income accruals on the individually impaired assets amount to nil as of 31 December 2008 and 2007.
The analysis for past due and individually impaired loans and advances to customers are as follows:

	Up to 3 months	3 to 6 months	6 to 12 months	Over 12 months
Past due but not impaired	3,590	1,302	-	-
Individually impaired	-	-	1,895	-

Individual impairment is calculated for loans and advances to customers when there is objective evidence of impairment indicated with several factors that may cause a loss such as the solvability of the credit risk party, quality and value of collaterals and market conditions.

6.7. Securities Available-for-Sale

Securities available-for-sale of the bank is composed of securities issued by credit institutions amounting Euro 12,998 as of 31 December 2008. (2007: Euro 4,122). Movement in the Available-for-sale portfolio is as follows:

	2008	2007
Balance sheet as at 1 January	4,122	-
Purchases	20,548	4,122
Foreign exchange and valuation differences	54	-
Transfers to investment portfolio	(7,944)	-
Redemptions	(3,782)	-
Balance sheet as at 31 December	**12,998**	**4,122**

6.8. Securities Held-to-Maturity

Investment securities portfolio of the bank is composed of public debt securities amounting Euro 9,863 and Euro 4,536 as of 31 December 2008 and 2007 respectively. Movement of the investment portfolio is as follows;

	2008	2007
Balance sheet as at 1 January	4,536	5,972
Purchases	-	-
Foreign exchange and valuation differences	(138)	(550)
Transfers from available-for-sale portfolio	7,944	-
Redemptions	(2,479)	(886)
Balance sheet as at 31 December	**9,863**	**4,536**

6.9. Property and Equipment

The breakdown of property and equipment as at 31 December 2008 and 2007 is as follows:

	2008			2007		
	Property	Equipment	Total	Property	Equipment	Total
Balance sheet value as at 1 January	3,683	186	3,869	3,784	193	3,977
Additions	-	50	50	-	106	106
Disposals	-	(6)	(6)	-	-	-
Depreciation	(102)	(101)	(203)	(101)	(113)	(214)
Balance sheet value as at 31 December	**3,581**	**129**	**3,710**	**3,683**	**186**	**3,869**
Cost of property and equipment	4,059	977	5,036	4,059	1,017	5,076
Accumulated depreciation	(478)	(848)	(1,326)	(376)	(831)	(1,207)

6.10. Intangible Assets

Intangible assets consist of acquired software. The breakdown of Intangible assets as at 31 December 2008 and 2007 is as follows:

	2008	2007
Balance sheet value as at 1 January	98	99
Additions	224	60
Disposals	-	-
Amortization	(59)	(61)
Balance sheet value as at 31 December	263	98
Cost of intangible assets	1,091	669
Accumulated amortization	(828)	(571)

6.11. Derivative Financial Instruments

In the ordinary course of business, the bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. Derivative financial instruments include forwards and swaps.

The notional amounts of long positions in currency forwards and currency swaps are as follows:

As of 31 December 2008

	Notional Amount	Up to 1 month	1 to 3 Months	3 to 6 Months	Fair Values Assets	Fair Values Liabilities
Forward contracts	11,183	6,003	4,200	980	331	135
Currency swaps	-	-	-	-	-	-
	11,183	**6,003**	**4,200**	**980**	**331**	**135**

As of 31 December 2007

	Notional Amount	Up to 1 month	1 to 3 Months	3 to 6 Months	Fair Values Assets	Fair Values Liabilities
Forward contracts	32,770	28,036	4,011	723	135	93
Currency swaps	30,065	27,908	2,157	-	106	424
	62,835	**55,944**	**6,168**	**723**	**241**	**517**

6.12. Other Assets and Prepayments

This item comprises deferred tax assets advances to suppliers, employees and prepaid expenses. As of 31 December 2008, the deferred tax asset amounts to Euro 340 (2007: nil).

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6.13. Due to Banks

This includes all the payables to banks amounting Euro 5,752 as of 31 December 2008 (2007: Euro 37,432). There are no loans from banks with subordinated nature in 2008 and in 2007.

As of 31 December 2008 average funding cost for TRY is 15.48% (2007: 16.33%) and 1.86% (2007: 3.90%) for other currencies.

	2008	2007
Bank accounts	131	3,178
Overnight borrowings	3,000	2,907
Due to banks maturing within one month	2,590	17,723
Due to banks maturing within one year	31	13,624
	5,752	**37,432**

6.14. Securities to be delivered

The line includes the market value of the securities which the bank has the liability to settle on delivery basis. As of 31 December 2008, such securities amount to nil. (2007: Euro 2,934)

6.15. Due to Customers

Due to customers includes funds entrusted to the bank by customers such as current accounts amounting to Euro 194,077 and time deposits of Euro 326,082 as of 31 December 2008 (2007: Euro 103,461 and Euro 449,689 respectively). The funds entrusted by private persons and corporate amounts to Euro 242,859 and Euro 277,300 as of 31 December 2008 (2007: Euro 114,902 and Euro 438,248).

As of 31 December 2008 average funding cost for TRY is 15.57% (2007: 16.14%) and 2.98% for other currencies (2007: 4.57%)

In connection with the risk assets and contingent transactions, amongst due to customers, Euro 27,044 and Euro 3,051 have been allocated as pledge to the bank against the assets and contingent items as of 31 December 2008, respectively (2007: Euro 36,146 and Euro 3,173, respectively).

Interest expense accruals related to the derecognized deposits with fiduciary nature of Euro 60,335 (2007: Euro 56,960) amount to Euro 18 (2007: Euro 76).

6.16. Taxation Liability

This item includes corporate income taxes payable of the Bank. After prepaid taxes are deducted net taxation liability amounts to Euro 203 as of 31 December 2008 (2007: Euro 383).

6.17. Other Liabilities and Accruals

This item includes accrued expenses whose actual payment occurs in a different period as well as payables to various suppliers and payables to tax authorities other than corporate income tax.

6.18. Equity

Paid-in Capital

The authorized capital amounts to Euro 50,000 consisting of 100,000 shares with a nominal value of full Euro 500 each, of which Euro 30,000 (60,000 shares) have been issued and fully paid. The changes in the share capital are as follows:

	2008	2007
Balance as at 1 January	30,000	30,000
Issues of new shares added from other reserves and from cash payments	-	-
Balance as at 31 December	**30,000**	**30,000**

Retained Earnings

The changes in retained earnings are as follows;

	2008	2007
Balance as at 1 January	40,431	32,846
Net profit for the year	7,338	7,585
Balance as at 31 December	**47,769**	**40,431**

Other Reserves

Other reserves comprises of fair value changes of available-for-sale portfolio and also the fair value changes of held-to-maturity securities transferred to investment portfolio from available-for-sale portfolio.
The changes in retained earnings are as follows;

	2008	2007
Balance as at 1 January	(10)	-
Fair value changes of transferred securities, net	(86)	-
Amortization of fair value changes of transferred securities	5	-
Fair value changes of available-for-sale portfolio, net	(208)	(10)
Balance as at 31 December	**(299)**	**(10)**

Had there been no transfer from available-for-sale portfolio to investment portfolio, the fair value changes as of 31 December 2008 would have been Euro 413 lower than the current balance.

7. Risk Management

The Bank manages the inherent risks in its business activities through an ongoing identification, measurement, monitoring and reporting processes. The most important types of risks which the bank is exposed to are credit risk, liquidity risk, market risk and operational risk.

Risk Management Structure

The Management Board of the Bank is ultimately responsible for the identification and control of the risks; however there are separate independent bodies in the bank which are responsible from the management and monitoring of the risk. These bodies are;

• Supervisory Board
• Management Board
• Credit Committees
• Asset and Liability Committee
• Credits and Risk Management Function
• Compliance and Operational Risk Function
• Treasury Function
• Internal Audit Function

7.1. Credit Risk

Credit Risk is broadly defined as the risk that obligations will not be repaid on time and in full as expected or contracted, resulting in a financial loss. Credit risk encompasses all phases of the process from target market definition to collection as well as management of the overall portfolio.

Concentration risk:

TEB NV monitors the credit risk concentrations which the bank may be exposed to. Such concentrations include:
• Significant exposure to an individual counterparty or group of related counterparties (Large exposure concentration)
• Credit exposures to counterparties in the same geographic region or the same economic sector (Geographical and industrial concentration)

Country risk concentration

Country risk is a broad category encompassing political, convertibility, and transfer risk. Any of these items may result in the inability of a business to receive or send funds to or from counterparties located outside its country or impair the ability of the business to operate, thereby causing financial losses.

Country risk exposures of the bank are within the limits set by the Supervisory Board.

Country risk distribution of risk assets and contingent liabilities classified according to the ultimate risk country is as follows:

	2008				2007			
	Funded	Contingent	Total	%	Funded	Contingents	Total	%
Turkey	305,496	24,680	330,176	50.9%	361,595	71,680	433,275	54.8%
The Netherlands	182,790	941	183,731	28.3%	54,895	8,654	63,549	8.8%
European Union	51,438	14,014	65,452	10.1%	175,985	32,630	208,615	26.4%
Other OECD countries	21,385	5,455	26,840	4.1%	51,111	125	51,236	6.5%
Others	39,169	3,645	42,814	6.6%	18,254	8,982	27,236	3.5%
TOTAL	**600,278**	**48,735**	**649,013**	**100.0%**	**661,840**	**122,071**	**783,911**	**100.0%**

Industry risk concentration

Industry distribution of risk assets and contingent liabilities is as follows:

	2008				2007			
	Funded	Contingent	Total	%	Funded	Contingent	Total	%
Metals	41,877	18,805	60,682	9.36%	89,958	65,978	155,936	19.70%
Shipping and transportation	29,339	-	29,339	4.53%	35,188	-	35,188	4.50%
Chemicals	12,587	6,591	19,178	2.95%	18,043	4,255	22,298	2.80%
Energy	9,990	34	10,024	1.54%	12,988	94	13,082	1.70%
Factoring	18,196	-	18,196	2.80%	47,077	-	47,077	6.00%
Textiles	8,558	1,245	9,803	1.51%	12,886	212	13,098	1.80%
Agricultural commodities	6,952	1,060	8,012	1.23%	13,548	143	13,691	1.70%
Fertilizer	5,139	2,277	7,416	1.14%	28,517	1,756	30,273	3.80%
Printing	6,263	-	6,263	0.97%	1,901	-	1,901	0.20%
Pulp & paper	4,432	402	4,834	0.74%	7,451	521	7,972	1.00%
Machinery and vehicles	3,977	-	3,977	0.61%	15,642	-	15,642	2.00%
Private persons	3,109	557	3,666	0.56%	6,712	513	7,225	0.90%
Pharmaceuticals	2,094	-	2,094	0.32%	-	-	-	0.00%
Non-profit organizations	1,880	-	1,880	0.29%	1,996	-	1,996	0.20%
Food and beverages	1,767	-	1,767	0.27%	70	-	70	0.00%
Building and construction	496	832	1,328	0.20%	12,877	640	13,517	1.70%
Holding and investment companies	-	-	-	0.00%	11,652	-	11,652	1.50%
Mining	-	-	-	0.00%	171	-	171	0.00%
Other	1,889	248	2,137	0.33%	8924	1376	10299	1.30%
Loans and advances to customers	**158,545**	**32,051**	**190,596**	**29.35%**	**325,601**	**75,488**	**401,089**	**51.20%**
Credit institutions	243,040	16,684	259,724	40.03%	312,534	46,582	359,116	45.80%
Central banks	176,971	-	176,971	27.27%	11,416	-	11,416	1.50%
Sovereign risk	21,722	-	21,722	3.35%	12,290	-	12,290	1.50%
Total	**600,278**	**48,735**	**649,013**	**100.00%**	**661,841**	**122,070**	**783,911**	**100.00%**
Cash collateral loans (-)	(26,548)	(2,750)	(29,298)		(36,174)	(412)	(36,586)	
Total credit risk	**573,730**	**45,985**	**619,715**		**625,667**	**121,658**	**747,325**	

Out of the total credit risk classified under credit institutions amounting Euro 243,040 (2007: Euro 312,534), Euro 44,763 (2007: Euro 223,051) is composed of funded and contingent risks with the credit institutions under the supervision of European Union and other OECD countries (excluding Turkey) and Euro 183,220 (2007: Euro 121,590) is composed of funded and contingent risks with Turkish credit institutions.

Credit Quality per Class of Financial Assets

The credit quality of the Bank is managed by using both internal and external ratings. The below table shows the credit quality of the financial assets of the bank assesses in accordance with these ratings after impairment impacts.

As at 31 December 2008

	High Grade	Standard Grade	Sub-Standard Grade	Total
Cash and balances with central banks	176,971	-	-	176,971
Securities held-for-trading	-	1,492	-	1,492
Short term placements to banks	1,859	49,089	-	50,948
Financial assets at fair value through profit or loss	-	24,746	5,658	30,404
Loans and advances to banks	974	152,960	5,123	159,057
Loans and advances to customers	42,429	105,389	10,727	158,545
Securities available-for-sale	-	12,998	-	12,998
Securities held-to-maturity	-	9,863	-	9,863
Total	**222,233**	**356,537**	**21,508**	**600,278**
Percentage of credit quality grades in total	**37%**	**59%**	**4%**	**100%**

As at 31 December, 2007

	High Grade	Standard Grade	Sub-Standard Grade	Total
Cash and balances with central banks	11,417	-	-	11,417
Securities held-for-trading	-	7,754	-	7,754
Short term placements to banks	119,958	60,579	-	180,537
Financial assets at fair value through profit or loss		4,011	9,593	13,604
Loans and advances to banks	75	107,994	6,202	114,271
Loans and advances to customers	62,905	241,860	20,835	325,600
Securities available-for-sale	2,938	1,184	-	4,122
Securities held-to-maturity	-	4,536	-	4,536
Total	**197,293**	**427,918**	**36,630**	**661,841**
Percentage of credit quality grades in total	**30%**	**64%**	**6%**	**100%**

7.2. Liquidity Risk

Liquidity Risk is the current or prospective threat to encounter difficulty in meeting obligations associated with financial liabilities without bearing unacceptable costs or losses. Short term liquidity of the bank is managed by the treasury function. Risk management and financial control functions are responsible to control the liquidity position of the bank and report to the asset and liability committee. Asset and liability committee assesses the liquidity position of the bank and determines necessary strategies.

The maturity distribution of risk assets and liabilities is as follows:

As at 31 December 2008

Assets	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Cash and balances with central banks	176,971	-	-	-	176,971
Securities held-for-trading	-	-	-	1,492	1,492
Short term placements to banks	50,948	-	-	-	50,948
Financial assets at fair value through profit and loss	-	-	25,558	4,846	30,404
Loans and advances to banks	14,980	32,607	107,796	3,674	159,057
Loans and advances to customers	64,982	41,587	23,191	28,785	158,545
Securities available-for-sale	-	924	4,595	7,479	12,998
Securities held-to-maturity	-	-	-	9,863	9,863
Total	307,881	75,118	161,140	56,139	600,278
Liabilities					
Due to banks	5,752	-	-	-	5,752
Due to customers	381,775	26,824	106,875	4,685	520,159
Total	387,527	26,824	106,875	4,685	525,911
Cumulative maturity mismatch	(79,646)	(31,352)	22,913	74,367	

As at 31 December 2007

Assets	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Cash and balances with central banks	11,417	-	-	-	11,417
Securities held-for-trading	7,754	-	-	-	7,754
Short term placements to banks	180,537	-	-	-	180,537
Financial assets at fair value through profit and loss	-	2,085	4,100	7,419	13,604
Loans and advances to banks	12,507	29,176	61,732	10,856	114,271
Loans and advances to customers	184,354	67,077	52,994	21,175	325,600
Securities available-for-sale	-	-	2,938	1,184	4,122
Securities held-to-maturity	1,875	-	710	1,951	4,536
Total	398,444	98,338	122,474	42,585	661,841
Liabilities					
Due to banks	23,808	13,580	44	-	37,432
Due to customers	391,381	122,026	29,474	10,269	553,150
Securities to be delivered	2,934	-	-	-	2,934
Total	418,123	135,606	29,518	10,269	593,516
Cumulative maturity mismatch	(19,679)	(56,947)	36,009	68,325	

7.3. Market Risk

The risks which TEB NV are exposed to due to changes in the market conditions and affect the value of its financial assets and liabilities that result in a financial loss for the bank are classified in this risk group. Market risk includes a) price risk, b) currency and foreign exchange risk, c) interest rate risk.

Price Risk

Price risk is the current or prospective threat to bank's earnings and capital as a result of movements in the level or the volatility of market prices of securities and derivatives.

The bank manages its use of trading instruments in response to changing market conditions. Asset-liability risk management activities are conducted in the context of the bank's sensitivity to components of market risk. Risk management activities are aimed at optimizing net interest income and trading position income in consistence with the bank's business strategies.

Currency Risk

The bank is exposed to currency risk since substantial volumes of business are conducted in foreign currencies. Assets denominated in foreign currencies are funded by foreign currency customer deposits and by deposits or loans taken from banks. The bank's transactional exposures give rise to foreign currency gains and losses that are recognized in the income statement. The currency exposures comprise the monetary liabilities of the bank that are not denominated in the functional and reporting currency of the bank, meaning any currency other than Euro.

As at 31 December 2008

Financial Assets	Euro	USD	TRY	Other	Total
Cash and balances with central banks	176,971	-	-	-	176,971
Securities held-for-trading	-	1,191	301	-	1,492
Derivative financial instruments	331	-	-	-	331
Short term placements to banks	3,707	38,602	7,689	950	50,948
Financial assets at fair value through profit or loss	11,256	19,148	-	-	30,404
Loans and advances to banks	26,355	132,702	-	-	159,057
Loans and advances to customers	21,684	117,359	17,365	2,137	158,545
Securities - available for sale	4,406	7,668	924	-	12,998
Securities - held-to-maturity	3,996	5,111	756	-	9,863
Total financial assets	**248,706**	**321,781**	**27,035**	**3,087**	**600,609**
Financial Liabilities					
Due to banks	3,079	80	2,593	-	5,752
Derivative financial instruments	135	-	-	-	135
Due to customers	176,099	316,420	24,555	3,084	520,158
Total financial liabilities	**179,313**	**316,500**	**27,148**	**3,084**	**526,045**
Equity	77,471	-	-	-	77,471
Net notional amount of currency derivatives	7,050	-6,837	-	-	213
Net Currency Position	(1,028)	(1,556)	113	3	(2,694)
Total commitments & contingent liabilities	14,978	33,757	-	-	48,735
Sensitivity of Currency Exposures Impact of 10% value increase against Euro	-	156	11	-	167

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As at 31 December, 2007

Financial Assets	Euro	USD	TRY	Other	Total
Cash and balances with central banks	11,417	-	-	-	11,417
Securities held-for-trading	3,686	2,224	1,844	-	7,754
Derivative financial instruments	241	-	-	-	241
Short term placements to banks	27,556	149,372	329	3,280	180,537
Financial assets at fair value through profit or loss	4,001	9,603	-	-	13,604
Loans and advances to banks	23,191	91,080	-	-	114,271
Loans and advances to customers	44,253	207,657	67,667	6,023	325,600
Securities - available for sale	-	1,184	2,938	-	4,122
Securities - held-to-maturity	-	3,583	953	-	4,536
Total financial assets	**114,345**	**464,703**	**73,731**	**9,303**	**662,082**
Financial Liabilities					
Due to banks	326	16,424	20,682	-	37,432
Derivative financial instruments	517	-	-	-	517
Due to customers	55,663	464,706	29,707	3,074	553,150
Securities to be delivered	-	2,934	-	-	2,934
Total financial liabilities	**56,506**	**484,064**	**50,389**	**3,074**	**594,033**
Equity	**70,421**	**-**	**-**	**-**	**70,421**
Net notional amount of currency derivatives	**10,206**	**18,567**	**-22,853**	**-6,184**	**-264**
Net Currency Position	**(2,376)**	**(794)**	**489**	**45**	**(2,636)**
Total commitments & contingent liabilities	**15,980**	**106,090**	**-**	**-**	**122,070**
Sensitivity of Currency Exposures					
Impact of 10% value increase against Euro	-	(79)	49	5	(25)

Interest Rate Risk

The risk group defines the current or prospective threat to TEB NV's earnings and capital as a result of movements in interest rates which may occur as a parallel movement and/or a change in the yield curve and an unequal movement in the rates earned and paid in the same maturity segment of the yield curve.

The maturity distribution based on interest re-pricing schedules of risk assets and liabilities is as follows:

As at 31 December 2008

Assets	Up to 1 Month	1 to 3 Months	3 to 12 Months	More than 1 Year	Total
Cash and balances with central banks	176,971	-	-	-	176,971
Securities held-for-trading	-	50	-	1,442	1,492
Short term placements to banks	50,948	-	-	-	50,948
Financial assets at fair value through profit or loss	7,674		17,885	4,845	30,404
Loans and advances to banks	15,055	41,989	98,339	3,674	159,057
Loans and advances to customers	85,003	48,869	20,767	3,906	158,545
Securities available-for-sale	1,226	924	3,369	7,479	12,998
Securities held-to-maturity		756		9,107	9,863
Total	**336,877**	**92,588**	**140,360**	**30,453**	**600,278**
Liabilities					
Due to banks	5,752				5,752
Due to customers	381,775	26,824	106,875	4,685	520,159
Total	**387,527**	**26,824**	**106,875**	**4,685**	**525,911**

As at 31 December, 2007

Assets	Up to 1 Month	1 to 3 Months	3 to 12 Months	More than 1 Year	Total
Cash and balances with central banks	11,417	-	-	-	11,417
Securities held-for-trading	-	81	-	7,673	7,754
Short term placements to banks	180,537	-	-	-	180,537
Financial assets at fair value through profit or loss	-	2,085	4,100	7,419	13,604
Loans and advances to banks	12,507	29,176	61,732	10,856	114,271
Loans and advances to customers	191,852	74,962	56,838	1,948	325,600
Securities available-for-sale	1,184	-	2,938	-	4,122
Securities held-to-maturity	1,875	953	710	998	4,536
Total	**399,372**	**107,257**	**126,318**	**28,894**	**661,841**
Liabilities					
Due to banks	23,808	13,580	44	-	37,432
Due to customers	392,957	127,236	30,993	1,964	553,150
Securities to be delivered	2,934	-	-	-	2,934
Total	**419,699**	**140,816**	**31,037**	**1,964**	**593,516**

Interest Rate Sensitivity

Interest rate sensitivity is the effect of assumed changes in the interest rates to the income statement and the equity of the Bank.

The following tables show the assumed impact of a reasonably possible change in the per currency interest rates to the net interest income in one year and to the equity of the bank by revaluing the financial assets and liabilities. The assumed changes are applied to the year end financial assets and liabilities.

		2008		2007	
	Increase in basis points	Yearly Net Interest Income	Equity	Yearly Net Interest Income	Equity
Euro	25	99	(109)	96	(135)
USD	25	(76)	(373)	(108)	(297)
TRY	100	(7)	(10)	(49)	(78)
Others	25	-	-	(4)	(4)

7.4. Hedging

Due to bank's overall position and funding structure, its risk management policies require that it should manage its exposure to changes in foreign currency rates, interest rate, credit risk and market price risk exposure within certain guidelines. The bank uses derivative financial instruments to manage the potential earnings impact of foreign currency movements. Currency swaps and forward contracts are used for this purpose. The purpose of the bank's hedging activities are to protect itself from the risk that net cash inflows would be adversely affected from the changes in interest or exchange rates, credit ratings or market prices. The bank enters into transactions to ensure that it is economically hedged in accordance with risk management policies.

The bank does not apply hedge accounting under IAS 39.

7.5. Derivative Financial Instruments

The bank utilizes derivative financial instruments for risk management purposes. Derivative financial instruments used by the bank include forwards and currency swaps whose value changes in response to changes in interest rates and foreign exchange rates. Derivatives are either standardized contracts transacted through regulated exchanges (exchange-traded products) or individually negotiated over-the-counter contracts (OTC products). A description of the main types of derivative instruments used by the bank is set out below.

Currency swaps

Currency swaps are over-the-counter agreements between the bank and other parties upon agreed notional amounts resulting in an economic exchange of currencies. Principal amount is also exchanged at currency swaps which the bank commits into. The bank's credit risk represents the potential cost to replace the swap contracts if the counterparties fail to fulfill their obligations (positive replacement cost).

Forwards

Forward contract are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Forward contracts result in credit exposure to the counterparty and also result in exposure to market risk based on changes in market prices relative to contracted amounts.

Trading activities in derivative instruments

The bank maintains active trading positions in derivative and non-derivative financial instruments within the regulatory limits. The bank carries position in financial instruments such as foreign exchange contracts and debt securities based on expectations of future market conditions as well as to reply the customer driven transactions.

The bank manages its trading activities by type of risk involved and on the basis of the categories of trading instruments held.

7.6. Fair Values of Financial Assets and Liabilities

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Fair value for investments held-to-maturity is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

As at 31 December 2008

	Book value	Fair value	Average Interest Rates (%) TRY	Other
Financial Assets				
Cash and balances with central banks	176,971	176,971	-	**2.10%**
Securities held-for-trading	1,492	1,492	15.46%	**8.87%**
Derivative financial instruments	331	331	-	-
Short term placements to banks	50,948	50,948	14.97%	**0.21%**
Financial assets at fair value through profit or loss	30,404	30,404	-	**3.09%**
Loans and advances to banks	159,057	159,708	-	**4.62%**
Loans and advances to customers	158,545	159,399	19.39%	**5.90%**
Securities available-for-sale	12,998	12,998	16.69%	**5.68%**
Securities held-to-maturity	9,863	9,228	17.77%	**5.51%**
	600,609	**601,479**		
Financial Liabilities				
Due to banks	5,752	5,752	15.48%	**1.86%**
Derivative financial instruments	135	135	-	-
Due to customers	520,159	520,981	15.57%	**2.98%**
	526,046	**526,868**		

As at 31 December, 2007

	Book value	Fair value	Average Interest Rates (%) TRY	Other
Financial Assets				
Cash and balances with central banks	11,417	11,417	-	**4.16%**
Securities held-for-trading	7,754	7,754	16.77%	**6.39%**
Derivative financial instruments	241	241	-	-
Short term placements to banks	180,537	180,539	14.49%	**4.65%**
Financial assets at fair value through profit or loss	13,604	13,604	-	**6.07%**
Loans and advances to banks	114,271	114,364	-	**5.72%**
Loans and advances to customers	325,600	325,707	16.92%	**6.56%**
Securities available-for-sale	4,122	4,122	15.73%	**7.29%**
Securities held-to-maturity	4,536	4,595	25.80%	**8.66%**
	662,082	**662,343**		
Financial Liabilities				
Due to banks	37,432	37,433	16.33%	**3.90%**
Derivative financial instruments	517	517	-	-
Due to customers	553,150	553,471	16.14%	**4.57%**
Securities to be delivered	2,934	2,934	-	**7.00%**
	594,033	**594,355**		

8. Commitments and Contingent Liabilities

Commitments and contingent liabilities consist of all liabilities arising from transactions in which the bank has provided a guarantee or entered into a commitment to third parties.

	2008	2007
Credit card limits	522	492
Letters of Guarantee	8,361	1,795
Export Letters of Credit	16,684	46,180
Import Letters of Credit	23,168	73,603
Balance as at 31 December	**48,735**	**122,070**

9. Custody Services

The bank provides custody services to its clients with respect to their security transactions through its participation, Stichting Effecten Dienstverlening which is consolidated to the financial statements of the bank. The total nominal amount of assets held in custody of Stichting for the clients of the bank as of 31 December 2008 is Euro 41,187 (2007: Euro 30,734).

Bank doesn't have any escrow property at its custody as part of its escrow services as of 31 December 2008 (2007: 2,200 shares)

10. Related Party Transactions

A number of transactions have been concluded on an arm's length basis in the normal course of the business with the group and affiliated companies. These transactions include loans, deposits, letters of credit, bills discounted and letters of guarantee and were carried out on commercial terms at market rates.
Related parties are defined as follows;

The bank is wholly owned by Türk Ekonomi Bankası A.Ş. (TEB A.Ş.) which is a part of TEB Financial Group of which TEB Mali Yatırımlar A.Ş. (TEB Financial Investments) is the holding company. The shares of TEB Mali Yatırımlar A.Ş. are held by BNP Paribas and Çolakoğlu Group.

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For the years of 2008 and 2007, related party figures include exposures and income and expense amounts generated through the transactions done with TEB Financial Group, Çolakoğlu Group companies and BNP Paribas.

Income Statement Components		2008			2007	
	TEB A.Ş.	Other	Total	TEB A.Ş.	Other	Total
Interest income	478	1,483	1,961	476	2,122	2,598
Interest expense	(5)	(10,885)	(10,890)	(8)	(18,229)	(18,237)
Net interest income / (expense)	**473**	**(9,402)**	**(8,929)**	**468**	**(16,107)**	**(15,639)**
Fees and commission income	186	75	261	84	291	375
Fees and commission expense	-	(20)	(20)	(23)	(84)	(107)
Net fees and commission income / (expense)	**186**	**55**	**241**	**61**	**207**	**268**
Operating income	**659**	**(9,347)**	**(8,688)**	**529**	**(15,900)**	**(15,371)**

Balance Sheet Components		2008			2007	
	TEB A.Ş.	Other	Total	TEB A.Ş.	Other	Total
Assets						
Short term placements to banks	80	948	1,028	123	294	417
Loans and advances to banks	19,873	3,562	23,435	6,532	-	6,532
Loans and advances to customers	-	6,788	6,788	-	3,921	3,921
Total assets	**19,953**	**11,298**	**31,251**	**6,655**	**4,215**	**10,870**
Liabilities						
Due to banks	21	2,699	2,720	203	17,423	17,626
Due to customers	-	203,011	203,011	-	314,119	314,119
Total liabilities	**21**	**205,710**	**205,731**	**203**	**331,542**	**331,745**
Commitments and contingent liabilities						
Letters of guarantee	7,875	-	7,875	-	339	339
Import letters of credit	-	-	-	-	303	303
Export letters of credit	19,299	365	19,664	3,192	-	3,192
Total commitments and contingent liabilities	**27,174**	**365**	**27,539**	**3,192**	**642**	**3,834**

Administrative expenses include management fee payment of Euro 205 and 267 to TEB Mali Yatırımlar A.Ş. as of 31 December 2008 and 2007 respectively. In 2008, as part of administrative expenses, Euro 15 was paid to TEB A.Ş. and other subsidiaries of TEB Mali Yatırımlar A.Ş. (Euro 15 for insurance policies). In 2007, as part of administrative expenses, Euro 78 was paid to TEB A.Ş. and other subsidiaries of TEB Mali Yatırımlar A.Ş. (Euro 78 for insurance policies).

In connection with the risk assets and contingent transactions of related parties, there is no balance allocated as pledge to the Bank amongst due to customers as of 31 December 2008 (2007: Euro 303).

The members of the Management Board are considered key management personnel. The remuneration of members of the Supervisory Board and Management Board is as follows.

	2008		2007	
	Supervisory Board	Management Board	Supervisory Board	Management Board
Salaries and Bonuses	24	1,114	43	976

Remuneration represents the full compensation for the Management and Supervisory members as there is no separate pension scheme for them.

Members of the Management Board do not have any shares of TEB A.Ş. in their possession.

The 2007 remuneration of Mr. Maarten Hulshoff, who has Dutch nationality and had been a Supervisory Board member since March 16, 2001 and resigned as of October 7, 2007, amounts to Euro 19.

11. Solvency Ratio and Capital Risk Management

The solvency ratio of the bank is 20% and 14% as of 31 December 2008 and 2007 respectively in accordance with Basel II Pillar 1 requirements and internal capital adequacy assessment rules of the Bank.

Own funds of the bank amount to Euro 77,470 as of 31 December 2008 (2007: Euro 70,421).

The bank ensures that regulatory capital requirements are met during its business planning process and controls such compliance through the year. In 2008 and 2007, the bank complied with the Basel II and BIS requirements and additional regulatory capital requirements, where applicable, whole through the periods. The management of the Bank observes and supervises the effective use of capital at its business operations throughout the year.

Basel II

Basel Committee on Banking Supervision released the comprehensive version of “International Convergence of Capital Measurement and Capital Standard: A Revised Framework (Basel II)” as of June 2006. Capital Requirements Directive was also formally adopted by Council and European Parliament in June 2006. The directive introduces an updated supervisory framework in the European Union which reflects the Basel II rules on capital standards.

Within the context of the Basel II preparations, TEB NV has implemented its ICAAP (Internal Capital Adequacy Assessment Process) during 2007 and updated in 2008. ICAAP addresses all risk management tools of the bank and to inform the Management and Supervisory Boards about the ongoing assessment of the bank's risks, how the bank intends to mitigate those risks and how much current and future capital is required when the mitigating factors are taken into consideration.

ICAAP document covers minimum capital requirements for credit risk, market risk and operational risk and indicates the control and management of the all the other key risks of the Bank. ICAAP also covers the stress testing scenarios, where certain level of stress is exposed hypothetically to the significant risk factors of TEB NV. ICAAP process is an ongoing process through which the Bank is going to assess the changing market conditions as well as the risks which the Bank is exposed to; accordingly the Bank updates its capital adequacy and planning process to address all significant risks sufficiently.
Capital adequacy requirement calculations which include both pillar 1 and pillar 2 components are performed on a regular monthly basis and reported to the management board of the Bank.

TEB NV complies with the capital adequacy requirements of Basel II since 1 January 2008. Pillar 3 requirements of Basel II framework are addressed in the management report and financial statements of the Bank starting from year 2008.

Capital Adequacy Assessment

The bank uses the following methodologies while calculating its capital requirement.

• Credit risk – Standardized approach
• Credit risk mitigation – Comprehensive approach
• Counterparty credit risk – Mark to market method
• Market risk – Standardized approach
• Operational risk – Basic indicator method
• Concentration risk – Internal model

While applying standardized approach for credit risk, ratings provided by Fitch Ratings, Moody's Investors Service, Standard & Poor's Rating Services are used as external credit risk assessment.

If trading book of the Bank is no more than 5% of the overall business and does not exceed Euro 15 million, De Minimis Exemption Rule is applied, meaning that the capital requirements for the market risk of financial instruments in the trading book will be calculated under credit risk.

The following table analyses the solvency of the Bank as of 31 December 2008 and 2007 with a capital requirement of 8%.

As at 31 December 2008

	Nominal Exposure	Risk Weighted Exposure	Capital Requirement Pillar 1	Pillar 2	Total
Credit Risk and Concentration Risk					
Sovereigns	198,693	11,576	926	301	1,227
Financial Institutions	259,723	197,455	15,796	4,036	19,832
Non-financial institutions	190,596	142,992	11,439	3,809	15,248
Other Assets	4,632	3,639	291	-	291
Total Credit Risk and Concentration Risk	653,644	355,662	28,452	8,146	36,598
Operational Risk			2,631	-	2,631
Interest Rate Risk in Banking Book			-	1,502	1,502
Total Capital Requirement					40,731
Total Equity					77,470
Surplus Equity					36,739
Solvency ratio (pillar 1)					20%
Solvency ratio (pillar 1 and pillar 2 combined)					15%

As at 31 December 2007

	Nominal Exposure	Risk Weighted Exposure	Capital Requirement Pillar 1	Pillar 2	Total
Credit Risk and Concentration Risk					
Sovereigns	23,707	12,291	983	580	1,563
Financial Institutions	359,116	179,092	14,327	3,731	18,058
Non-financial institutions	401,088	266,109	21,289	3,653	24,942
Other Assets	4,194	4,194	336	-	336
Total Credit Risk and Concentration Risk	788,105	461,686	36,935	7,964	44,899
Operational Risk					2,015
Interest Rate Risk in Banking Book					330
Total Capital Requirement					47,244
Total Equity					70,421
Surplus Equity					23,177
Solvency ratio (pillar 1)					14%
Solvency ratio (pillar 1 and pillar 2 combined)					12%

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Company Financial Statements
For the year ended as of 31 December 2008

The Economy Bank N.V.
Company Income Statement
For the year ended as of 31 December 2008
(Thousands of Euros)

	Notes	2008	2007
Interest income		41,073	48,181
Interest expense		(28,459)	(37,640)
Net interest income	**13.1**	**12,614**	**10,541**
Fees and commission income		7,682	7,098
Fees and commission expense		(72)	(225)
Net fees and commissions income	**5.2**	**7,610**	**6,873**
Net trading income	5.3	362	(86)
Net gains / (losses) on Financial assets at fair value through profit and loss	5.4	207	(15)
Net operating income		**20,793**	**17,313**
Specific impairment losses		(1,895)	-
Portfolio level impairment losses		(1,335)	-
Personnel expenses	5.5	(5,240)	(4,872)
Administrative expenses	13.2	(2,463)	(2,448)
		(7,703)	(7,320)
Depreciation and amortization	14.1,6.10	(161)	(173)
Operating expenses		**(7,864)**	**(7,493)**
Operating profit before taxation		**9,699**	**9,820**
Income tax expense	13.3	(2,487)	(2,366)
Profit for the year attributable to the equity holders of the parent		**7,212**	**7,454**
Earnings per share (full Euros)			
Basic earnings per share		120.20	124.23
Diluted earnings per share		120.20	124.23

The Economy Bank N.V.

Company Balance Sheet

As at 31 December 2008
After proposed profit appropriation
(Thousands of Euros)

	Notes	2008	2007
Assets			
Cash and balances with central banks	6.1	176,971	11,417
Securities held-for-trading	6.2	1,492	7,754
Derivative financial instruments	6.11	331	241
Short term placements to banks	6.3	50,940	180,532
Financial assets at fair value through profit or loss	6.4	30,404	13,604
Loans and advances to banks	6.5	159,057	114,271
Loans and advances to customers	6.6	158,545	325,600
Securities available-for-sale	6.7	12,998	4,122
Securities held-to-maturity	6.8	9,863	4,536
Other assets and prepayments	14.3	5,402	4,956
Equipment	14.1	129	186
Intangible assets	6.10	263	98
Participations	14.2	143	143
Total Assets		**606,538**	**667,460**
Liabilities			
Due to banks	6.13	5,752	37,432
Derivative financial instruments	6.11	135	517
Securities to be delivered	6.14	-	2,934
Due to customers	14.4	522,123	554,829
Taxation liability	14.5	159	339
Other liabilities and accruals	14.6	1,462	1,425
Total Liabilities		**529,631**	**597,476**
Equity			
Attributable to the equity holders of parent			
Share capital	6.18	30,000	30,000
Retained earnings	14.7	47,206	39,994
Other Reserves		(299)	(10)
Total Equity		**76,907**	**69,984**
Total Equity And Liabilities		**606,538**	**667,460**
Commitments		522	492
Contingent Liabilities		48,213	121,578
Total Commitments And Contingent Liabilities	**8**	**48,735**	**122,070**

The Economy Bank N.V.

Company Statement of Changes in Equity

For the year ended as of 31 December 2008
After proposed profit appropriation
(Thousands of Euros)

	Paid-in capital	Retained earnings	Other Reserves	Total
Balance at January 2007	**30,000**	**32,540**	**-**	**62,540**
Profit for the year	-	7,454	-	7,454
Net gains/(losses) on securities available for sale	-	-	(10)	(10)
Balance at 31 December 2007	**30,000**	**39,994**	**(10)**	**69,984**
Balance at 1 January 2008	**30,000**	**39,994**	**(10)**	**69,984**
Profit for the year	-	7,212		7,212
Net gains/(losses) on securities available for sale	-	-	(289)	(289)
Balance at 31 December 2008	**30,000**	**47,206**	**(299)**	**76,907**

The Economy Bank N.V.

Company Cash Flow Statement

For the year ended as of 31 December 2008
(Thousands of Euros)

	Notes	2008	2007
Cash flows from operating activities			
Profit for the year		7,212	7,454
Depreciation and amortization	14.1,6.10	161	173
Change in trading securities held for trading		6,262	(4,253)
Change in derivative financial instruments		(471)	566
Change in short term placements to banks		72,616	153,605
Change in financial assets designated at fair value		(16,800)	(13,604)
Change in loans and advances to banks		(44,786)	13,909
Change in loans and advances to customers		167,055	(21,499)
Change in securities available for sale		(17,108)	(4,132)
Change in due to banks		(28,726)	(3,067)
Securities to be delivered		(2,934)	2,934
Change in due to customers		(32,706)	(70,062)
Other changes in other assets and liabilities		(590)	1,149
Total cash flows from operating activities		**109,185**	**63,173**
Cash flows from investment activities			
Investment in property and equipment and intangible assets	14.1,6.10	(268)	(167)
Change in securities held-to-maturity		2,617	1,436
Total cash flows from investment activities		**2,349**	**1,269**
Total cash flows from financing activities		-	-
Net cash flow		**111,534**	**64,442**
Cash balance as at the beginning of the year		95,481	31,039
Cash balance as at the end of year		207,015	95,481
Change in cash balance		**111,534**	**64,442**
Cash and cash equivalents			
Cash and balances with Central Banks		162,772	57
Net cash position from banks on demand & overnight placements		44,243	95,424
Total cash and cash equivalents		**207,015**	**95,481**
Cash flow from operating activities include:			
Interest received		49,959	47,901
Interest paid		(30,976)	(39,835)
Tax paid		(3,053)	(2,165)
Effect of exchange rate changes on cash and cash equivalents		3,298	(1,931)

12. Basis of Presentation

The company financial statements of the bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The accounting principles as described in the notes to the consolidated financial statements apply to the company financial statements, unless indicated otherwise.

The notes of the consolidated financial statements apply to the company financial statements as well, unless such notes are separately provided in the notes to the company financial statements.

12.1. Participations

The participations balance presented in the company balance sheet of the bank represent the 100% owned entities Kronenburg Vastgoed B.V. (KVBV) and Stichting Effecten Dienstverlening (Stichting), the foundation which 100% of its equity is provided by the bank.

These participations are stated at cost. As a consequence thereof, the consolidated equity and result differs from the Company equity and result.

12.2. Taxation

The bank is head of a fiscal unity with its subsidiary KVBV. The taxation liability of the fiscal unity is calculated on an entity basis for TEB NV and KVBV separately. TEB NV holds the responsibility for settlement of the taxation liabilities of the fiscal unity of which the taxation related to KVBV is settled through the intercompany accounts.

13. Income Statement

13.1. Net Interest Income

	2008	2007
Interest Income		
Balances with central banks and short term placements to banks	5,476	11,621
Securities available for sale	979	90
Securities held to maturity	261	426
Loans and advances to banks	10,115	8,195
Loans and advances to customers	24,242	27,849
	41,073	**48,181**
Interest Expense		
Due to banks	(3,903)	(2,413)
Due to customers	(24,556)	(35,227)
	(28,459)	**(37,640)**
	12,614	**10,541**

Interest income and interest expense from placements and deposits with fiduciary nature amounting Euro 2,261 (2007: Euro 4,099) are not reported in the related lines of the income statement as such underlying assets and liabilities are derecognized from the balance sheet. Fee income earned from fiduciary activities is classified under net fees and commission income.

13.2. Administrative Expenses

	2008	2007
Maintenance costs and administrative expenses	1,670	1,716
Communication expense	477	413
Rent expense	316	319
	2,463	**2,448**

13.3. Income Tax Expense

The effective tax rate of the bank is 25.5% (2007: 25.5%), which does not materially differ from the nominal tax rate.

14. Balance Sheet

14.1. Equipment

The breakdown of equipment as at 31 December 2008 and 2007 is as follows:

	2008 Equipment	2007 Equipment
Balance sheet value as at 1 January	186	193
Additions	50	106
Disposals	(5)	-
Depreciation	(102)	(113)
Balance sheet value as at 31 December	**129**	**186**
Cost of property and equipment	977	1,017
Accumulated depreciation	(848)	(831)

14.2. Participations

The participations balance presented in the company balance sheet of the bank represent 100% owned KVBV and Stichting, the foundation which 100% of its equity is provided by the bank.

14.3. Other Assets and Prepayments

This item comprises advances to suppliers, employees and prepaid expenses including the net prepaid corporate income tax paid through out the year, if any. Advances to participations, namely to KVBV, are also classified as other asset.

14.4. Due to customers

Due to customers includes funds entrusted to the bank by customers such as current accounts amounting to Euro 196,041 and time deposits of Euro 326,082 as of 31 December 2008, respectively (2007: Euro 99,100 and Euro 455,729). The funds entrusted by private persons and corporate customers amounts to Euro 242,859 and Euro 279,264 as of 31 December 2008 (2007: Euro 114,902 and Euro 439,927).

As of 31 December 2008 average funding cost for TRY is 15.57% (2007: 16.14%) and 2.98% for other currencies (2007: 4.57%)

In connection with the risk assets and contingent transactions, amongst Due to customers, Euro 27,044 and Euro 3,051 have been allocated as pledge to the bank against the assets and contingent items as of 31 December 2008, respectively (2007: Euro 36,146 and Euro 3,173).

14.5. Taxation Liability

This item includes corporate income taxes payable of the bank. Taxation liability has been higher than prepaid taxes as of 31 December 2008. Therefore net taxation liability amounts Euro 159. (2007: Euro 339).

14.6. Other Liabilities and Accruals

This item includes expenses recognized, but whose actual payment occurs in a different period as well as payables to various suppliers and payables to tax authorities.

14.7. Retained Earnings

The changes in retained earnings are as follows;

	2008	2007
Balance as at 1 January	39,994	32,540
Net profit for the year	7,212	7,454
Balance as at 31 December	47,206	39,994

15. Other Information

15.1.The Articles of Association with respect to Profit Appropriation

Profit is appropriated in accordance with the article 31 of the articles of association. The main stipulations governed in this are as follows:

- The profits shall be at the disposal of the general shareholders meeting.
- Dividends may be paid only up to an amount, which does not exceed the amount of the distributable part of the net assets.
- Dividends shall be paid after adoption of the annual amounts from which it appears that payment of dividends is permissible.

15.2. Proposed Profit Appropriation

Pursuant to article 31 of the Articles of Association, The Management Board proposed the appropriation of net profit as follows:

Additions to Retained Earnings Euro 7,212

This proposal has been included in the consolidated and company financial statements of the bank.

15.3. Approval of Financial Statements

The financial statements were approved by Supervisory Board of the Bank as of 27 March 2008.

15.4. Events after Balance Sheet Date

There are no events which took place after the balance sheet date that could result to a major impact on financial statements of the bank.

Management Board

Özden Başaran Odabaşı - Managing Director
Orkun Mungan - Senior Director

15.5. Auditors' Report

Deloitte.

Deloitte Accountants B.V.
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To the Shareholders of The Economy Bank N.V.
Amsterdam

Date	From	Reference
March 27, 2009	R. Koppen	3100025299/OP9981/pr

Auditors' report

Report on the Financial Statements

We have audited the accompanying statements 2008 of The Economy Bank N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, profit and loss account, 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.

The company financial statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

March 27, 2009
3100025299/OP9981/pr

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 and 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 with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of The Economy Bank N.V. as at 31 December 2008, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of The Economy Bank N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

R. Koppen

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