

ANNUAL REPORT
2006



ARAP TÜRK BANKASI
البنك العربي التركي
ARAB TURKISH BANK



I. INTRODUCTION

- 01** Arab Turkish Bank in Brief
- 02** Summary Financial Highlights
- 02** Changes in the Articles of Association
- 03** Shareholders
- 04** Chairman's Statement
- 06** General Manager's Message
- 09** ATB in the Turkish Banking Industry
- 09** Research and Development Activities
- 11** Review of Operations in 2006

18 II. MANAGEMENT AND CORPORATE GOVERNANCE

- 18** Board of Directors
- 20** Executive Management
- 21** Statutory Auditors
- 22** Committees
- 22** Summary Board of Directors Report Presented to the General Assembly
- 23** Human Resources
- 23** Related-party Transactions

24 III. FINANCIAL STATEMENTS AND RISK MANAGEMENT

- 24** Statutory Auditors' Report
- 25** Report of the Audit Committee on Internal Systems of the Bank
- 27** Unconsolidated Financial Statements of ATB and Notes to Financial Statements and Independent Auditors' Report on Unconsolidated Financial Statements
- 82** Assessment of Financial Strength, Profitability and Debt Repayment Capacity
- 82** Risk Management Policies
- 83** Credit Ratings Assigned by Rating Agencies
- 83** Five-Year Financial Highlights

85 IV. CONSOLIDATED FINANCIAL STATEMENTS OF ATB, NOTES TO FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

140 ANNUAL REPORT COMPLIANCE OPINION

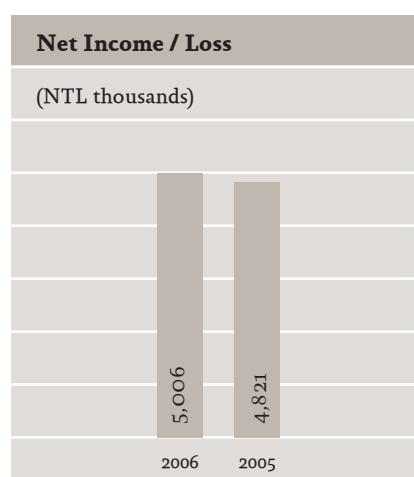
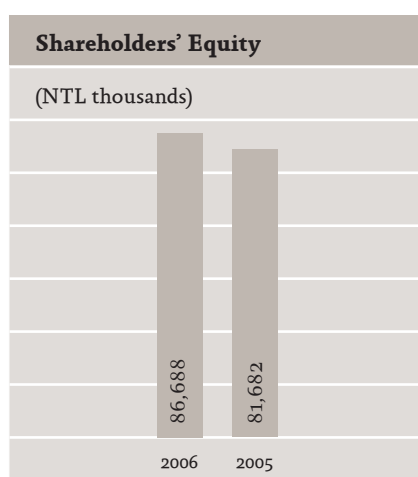
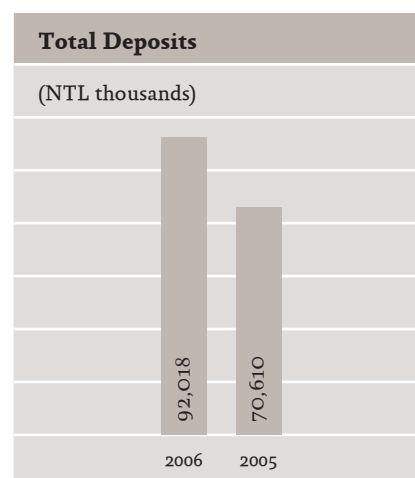
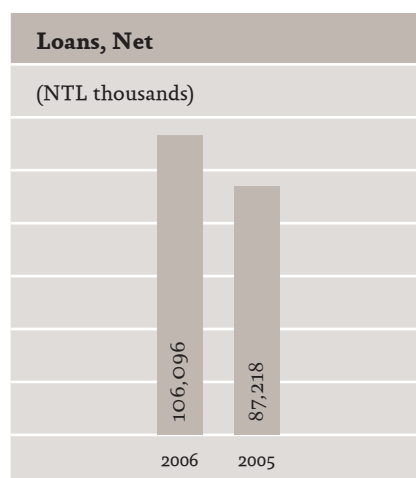
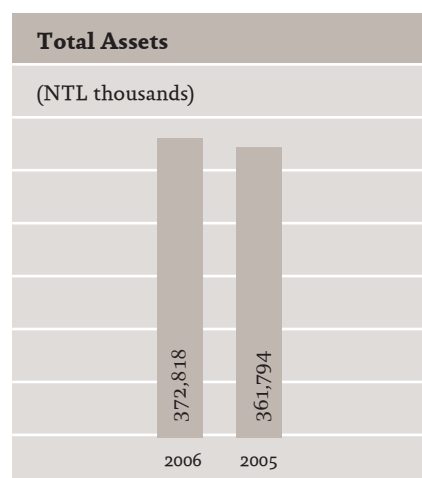
Arab Turkish Bank in Brief

Arab Turkish Bank was established on July 18, 1976 as a joint venture stock company in accordance with an agreement signed by the Republic of Turkey and the Libyan Arab Republic. The Bank has been administrated in conformity with the articles of association published in the Official Gazette and as per the agreement for the establishment of a bank jointly owned by the Libyan Arab Republic and the Republic of Turkey on August 11, 1975. The Bank has three branches; two in Istanbul and one in Ankara.

Summary Financial Highlights

(NTL thousands)					
	2006	2005	2004	2003	2002
Total Assets	372,818	361,794	330,555	338,668	376,961
Marketable Securities	176,943	187,928	175,035	192,756	152,056
Loans, Net	106,096	87,218	70,082	44,852	49,934
Balances with Banks	14,161	12,729	19,865	30,851	112,351
Total Deposits	92,018	70,610	44,774	40,514	73,033
Total Loans Borrowed	183,827	199,028	198,060	213,697	203,697
Shareholders' Equity	86,688	81,682	76,509	70,484	62,105
Net Income / Loss	5,006	4,821	6,025	7,542	3,726

Note: 2002 and 2003 financial statements are restated using general inflation indices at the currency purchasing power at 31 December 2004. 2002, 2003 and 2004 financial statements are prepared in accordance with the old regulations, 2005 and 2006 financial statements are prepared in accordance with the old regulations, 2005 and 2006 financial statements are prepared in accordance with the new regulations published on the Official Gazette no. 26333 dated 1 November 2006.

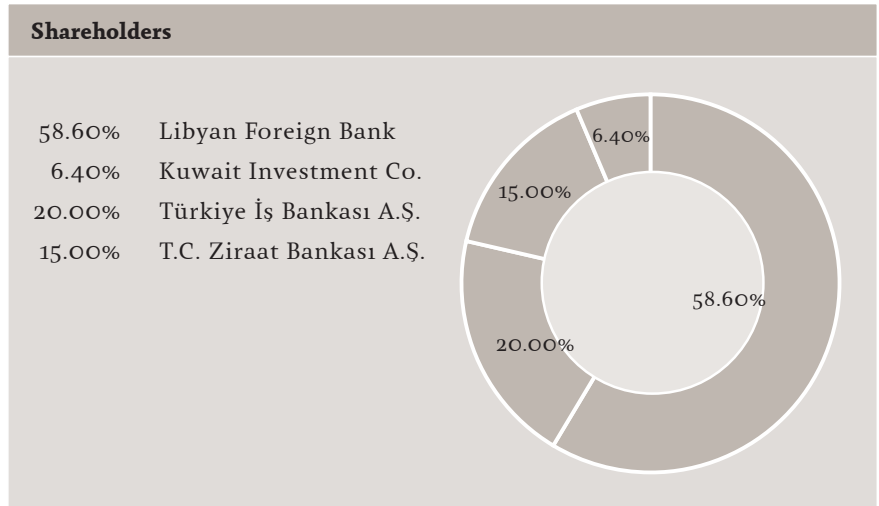


CHANGES IN THE ARTICLES OF ASSOCIATION

There have been no changes in the Articles of Association of Arab Turkish Bank in 2006.

Shareholders

ATB marked another milestone in 2006, demonstrating its strength and ability to enhance performance and increase shareholders' equity, which amounted to NTL 86.7 million.



(NTL thousands)	2006	2005
Libyan Foreign Bank	24,026	19,553
Kuwait Investment Co.	2,624	2,624
Türkiye İş Bankası A.Ş.	8,200	8,200
T.C. Ziraat Bankası A.Ş.	6,150	6,150
Tekfenbank A.Ş.	-	4,473
TOTAL	41,000	41,000

The Chairman and members of the Board of Directors, the General Manager and/or Assistant General Managers do not hold shares in Arab Turkish Bank.

Chairman's Statement

ATB accomplished its basic objectives to deliver high quality service to customers and other banking activities at international standards. In 2006, parallel to the strategy and road map of the Bank for the adaptation to Basel II process, ATB continued studies to prepare itself for the Basel II standards, which will be in effect by the beginning of 2008.

Dear Shareholders,

On behalf of our Board of Directors, I am pleased to present ATB's 2006 Annual Report containing all of our activities, results and notes to our financial statements as well as a brief summary about the recent economic situation in Turkey.

For the Turkish economy, 2006 was a year where the positive developments continued, though the vulnerabilities still remained. The GNP, industrial production, exports and imports, and direct foreign investments continued to increase. On the other hand, the current account and foreign trade deficits increased too. The inflation rate was realized above the target level, and the New Turkish Lira kept its strong position. The banking industry remained strong and liquid, while the regulations toward Basel II principles accelerated.

The European Union has been the ultimate anchor and catalyst for institutional evolution so far. Along with more disciplined fiscal and monetary policies, the prospect of membership into the EU has established the groundwork for a more vibrant and stable Turkish economy.

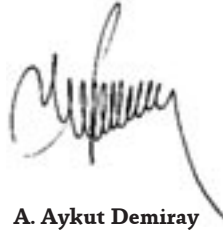
In this economic and political environment, ATB marked another milestone in 2006, demonstrating its strength and ability to enhance performance and increase shareholders' equity, which amounted to NTL 86.7 million. Total assets and net profit of the Bank were realized at NTL 372.8 million and NTL 5 million, respectively. The Bank's capital adequacy ratio was 35.23% at the end of the year and Fitch Ratings confirmed ATB's "B" rating.

This year, major improvements were achieved with regard to information technology applications. The Bank accomplished its basic objectives to deliver high quality service to customers and other banking activities at international standards. In 2006, parallel to the strategy and road map of the Bank for the adaptation to Basel II process, ATB continued studies to prepare itself for the Basel II standards, which will be in effect by the beginning of 2008.

The Board of Directors would like to take this opportunity to extend its appreciation to customers and correspondents both in Turkey and abroad for their support of, cooperation with and high levels of confidence in ATB.

I also wish to extend my gratitude to the General Management and the staff at ATB for their achievements in another successful financial year.

Yours sincerely,



A. Aykut Demiray
Chairman



General Manager's Message

The future business targets of ATB incorporate the application of all international banking standards in its operations, providing quality service to its customers, having a strong capital structure, improving profitability and focusing on increasing its business volume and relations with North Africa and the Middle East countries.

In 2006, total assets of ATB reached NTL 372.8 million (USD 263.8 million). Increasing by 5.1%, the shareholders' equity stood at NTL 86.7 million and net profit was NTL 5.0 million at the end of 2006. The capital adequacy ratio was 35.23% and Fitch Ratings confirmed the Bank's rating as "B".

In 2006, total cash loans of ATB increased by 21.6% and reached a level of NTL 106.1 million. Parallel to the Bank's prudent lending policies, marketing activities with selected A-rated clients continued throughout the year.

In 2006, ATB channelled borrowed foreign currency funds into fruitful long-term investments in FX-denominated government bonds and Eurobonds. Loans extended prudently to A-rated companies conformed to the Bank's risk profile. The Bank's long-standing and widespread relationships with countries in North Africa and the Middle East are crucial for the import and export transactions volume of the Bank. ATB gained a sufficient profit on the business received from financial institutions in these regions. ATB pays utmost attention to increasing its excellent relations with North Africa and the Middle East through frequent visits and trainee exchange programs with correspondents in this region.

The coming years will witness intensified competition in the banking industry. Banks have to operate more efficiently, control their costs more effectively, focus on increasing productivity and reinforce their risk management infrastructures with support from Information Technologies applications. Being aware of this fact, Arab Turkish Bank renewed its banking system infrastructure and banking software, imposed stricter controls on costs, focused on profitability and efficiency and improved service quality.

The New Basel Capital Accord (Basel II) will be implemented in Turkey by the beginning of 2008. In 2006, parallel to the strategy and road map of the Bank for the adaptation to Basel II directives, ATB continued studies to prepare itself for the Basel II standards.

The future business targets of ATB incorporate the application of all international banking standards in its operations, providing quality service to its customers, having a strong capital structure, improving profitability and focusing on increasing its business volume and relations with North Africa and the Middle East countries.

As Arab Turkish Bank, we are committed to maintaining and further improving our success in the coming years. I would like to express my gratitude to our clients, shareholders and all our employees.

With my best regards,



Sadek K. S. Abu Hallala
General Manager



UMHURİYET MERKEZ BANKA

3575



TURKISH CURRENCY



ATB in the Turkish Banking Industry

The main objectives of ATB are to form a link between Turkey, North Africa and the Middle East through handling export and import transactions, to take an active part in economic life through lending and to inject funds in the domestic market.

Arab Turkish Bank is a bridge between Turkey, the Middle East and North Africa with an international outlook and a regional focus.

Arab Turkish Bank has three branches: Istanbul (Central) Branch, Kozyatağı Branch and Ankara Branch. As of September 2006, 174 employees work at Arab Turkish Bank.

The main objectives of the Bank are to form a link between Turkey, North Africa and the Middle East through handling export and import transactions, to take an active part in economic life through lending and to inject funds in the domestic market.

The operations of the Bank are mainly concentrated on the functional activities of "Fund Management-Treasury Operations", "Corporate Credits (Cash and Non-Cash)" and "Export Finance (Letter of Credits)". Other functional activities are operated effectively in order to ensure good quality of faultless and systematic banking transactions.

As of September 30, 2006, total asset of the Turkish banking sector stood at NTL 461 billion. Total assets of ATB were NTL 411 million as of the same date, which constituted 0.09% of the total banking sector. Arab Turkish Bank had a 0.04% share in total loans of the Turkish banking sector as of September 2006.

Total shareholders' equity of the sector was NTL 56 billion, which corresponded to 12.2% of total assets of the sector. ATB's share in total shareholders' equity of the Turkish Banking sector was 0.15% as of September 2006.

ATB achieved a net profit of NTL 3.3 million, which constituted 0.04% of the banking sector's total net profit as at the end of September 2006.

As of September 2006, while the average of the Capital Adequacy Ratio of the banking sector stood at 20.46%, the same ratio was 39.80% for Arab Turkish Bank.

Research and Development Activities

Research and development service is being provided by the most reliable consultancy firms.

As being a small sized bank, and as a part of cost reduction concerns, ATB has not held research and development activities within its own structure. Presently, this service is being provided by the most reliable consultancy firms, especially specialized in this field.



بنك ليبيا المركزي
بنك ليبيا المركزي

موجب القانون

150 دينار

بنك ليبيا المركزي

المحافظ

150

LIBYAN CURRENCY



Review of Operations in 2006

One of the important positive developments of the Turkish economy in 2006 was the level of foreign direct investment flow. Turkey attracted USD 15.8 billion in foreign direct investments in the first ten months of 2006; the corresponding amount for the same period of the previous year was USD 4.2 billion. This flow has increased the financing quality of the current deficit.

TURKISH ECONOMIC OUTLOOK

For the era after 2001, one of the most important developments in the Turkish economy is the continuous positive growth. Lastly at the third quarter of 2006, the GNP growth was positive, and this means an uninterrupted growth for 19 quarters beginning from first quarter of 2002. When we come to 2006, it can be said that the Turkish economy felt the influences of the globalization.

The European Union has been the ultimate anchor and catalyst for institutional evolution so far. Along with more disciplined fiscal and monetary policies, the prospect of membership into the EU has established the groundwork for a more vibrant and stable Turkish economy. One immediate benefit of the accession talks was that they have placed Turkey on the radar screen of international investors who previously had little reason to consider Turkey. There has been a jump in foreign investment in Turkey, which includes not only "hot money" but also longer-term financing and direct foreign investments that will improve Turkey's long-run growth prospects. However in November 2006, The EU blocked eight negotiation chapters with Turkey due to the Additional Protocol on Customs Union. Despite this negative development, the domestic markets did not react strongly in the negative way.

National income figures indicate that economic growth has continued in 2006. GNP growth that was 6.4% and 8.8%, respectively in the first and second quarters of 2006, slowed down in the third quarter and became 3%.

The Central Bank has continued the effort to lower the inflation rate. In December 2006, the CPI was 0.23% and the PPI was minus 0.12%. Consequently, the annual CPI achieved a rate of 9.65%, while the annual PPI, on the other hand, stood at 11.58%. This result showed a deviation from the CPI target of 5%.

In 2006, the Lira kept its strength relative to the Euro and the US Dollar in general. Only during the May-June period, there were fluctuations, which resulted from the worry that the interest of the global capital in the developing economies like Turkey will decrease. The reason of this worry was that USA, EU and Japan increased the interest rates and this gave rise to the doubts about the global growth performance. At the beginning of the fall, the worries disappeared and the foreign exchange rates closed the year at a relaxed level.

In addition to the GNP, the industrial production has been also increasing continuously for 19 quarters, though in a fluctuating manner. For the first eleven months of 2006, the average growth rate was 6.2%.

In 2006, exports rose by 16.4% and reached USD 85 billion, which was USD 73 billion at the end of previous year. Imports rose by 17.1% and reached USD 137 billion at the end of 2006, which was USD 117 billion at the end of previous year. The foreign trade deficit increased by 19% from USD 43 billion to USD 51 billion at the end of 2006.

The current account balance registered a deficit of USD 31.3 billion for the year 2006; previously this balance was USD 22.8 billion at the end of 2005.

One of the important positive developments of the Turkish economy in 2006 was the level of foreign direct investment flow. Turkey attracted USD 15.8 billion in foreign direct investments in the first ten months of 2006; the corresponding amount for the same period of the previous year was USD 4.2 billion. This flow has increased the financing quality of the current deficit.

Together with the Turkish economy, the banking sector has also continued to grow during the first nine months of 2006. In addition to an increase in the number of branches and employees, total assets, credit volume and deposits have risen with the positive environment and expectations.

Total assets in the banking sector amounted to USD 307.9 billion at the end of the third quarter of 2006, an increase of 13% in US Dollars as compared to September 2005 figures. As of the end of September

2006, the deposit volume totalled USD 196.8 billion (14% up from corresponding figures of the preceding year) while the total loan portfolio reached USD 136.1 billion (an increase of 34% from corresponding figures of the previous year). Shareholders' equity, totalling USD 37.6 billion, made up 12.2% of the banking sector's total liabilities; the same ratio last year stood at 13%.

TREASURY AND CAPITAL MARKETS

Although the Turkish economy experienced a volatile year in 2006, it remained remarkably resilient even during the serious emerging market turmoil in May-June 2006 due to sustained fiscal discipline and the correct policy reactions. The economy maintained its rapid convergence track in 2006 and the budget balance is set to show a record strong fiscal surplus. The government also carried on with its reform agenda and managed to pass the social security reform in May 2006, which was one part of the crucial legislation necessary for the long-term sustainability of public finances. However, it was rejected by the Constitutional Court and will be renegotiated in the parliament. On the other hand, inflation started to accelerate last year following the negative changes in the sentiment on global financial markets and the December 2006 inflation figure was announced well above the Central Bank's target. This was partially related to commodity price shocks and the weakening of the Turkish lira. The current account deficit remained on an increasing trend, although the improved composition of financing the deficit mitigated the extent of the vulnerability.

Basically resulting from the widening of the foreign trade deficit, the current account deficit displayed a persistent expansion in 2006 and is expected to reach around 8.6-8.7% of GDP in 2006 against 6.4% of GDP in 2005. The deteriorating performance of trade reflects the fact that Turkish economy is experiencing problems on both the export and import fronts.

Regardless of the important progress achieved on structural reforms in the last years, the recent slowdown in pace of these reforms may result in a change in the perception of foreigners to lead to an amplified effect of turbulence in the Turkish economy. Because the outcomes of the reforms required for a solid economic outlook will have its end results realized in the long-run in areas such as education, labour market, unrecorded economy and elevated current account deficit, political decision makers may be reluctant to take these actions due to the two important elections to be held in 2007.

The main determinant of the Turkish economic performance in the following period will be the changes in the global outlook, which yet remains quite ambiguous.

Recently, political pressures by some groups who are strongly against the decreasing influence of the state on economic affairs as reflected by the discipline in budget expenditures and to rising emphasis on free market economy seem to find their place on top of the political agenda. On the other hand, EU's demand for opening of harbours and airports to Southern Cyprus and searching for compromising ground on this issue might have resulted political agenda to be more concentrated in this area.

The main determinant of the Turkish economic performance in the following period will be the changes in the global outlook, which yet remains quite ambiguous. Nonetheless, Turkey's perseverance to progress on structural reforms to achieve long-term growth targets will determine the extent of either the harm triggered by the possible turmoil in the foreign markets or benefit from the positive trends. Maintaining the budgetary discipline, continuing the relations with IMF and EU without important breakdowns and moving on with basic policies such as floating exchange rate regime are the minimum requirements Turkey must keep up with in terms of achieving long-term targets. Along with

these measures, accomplishment of a sustainable trend in current account deficit with measures to increase economic productivity and promote competition and re-designing education policies to satisfy the rising demand for qualified labour force and increasing of direct tax collections to reduce vulnerability of budgetary revenues are the main targets to be achieved in the longer term.

In 2006, the Treasury Department invested NTL 65.4 million in Treasury Bill portfolio. The annual average interest rate of the Government Bond portfolio was approximately 17.85% versus 19.12% in the previous year.

In 2006, the Treasury Department held a Eurobond portfolio equivalent to USD 59.9 million with an average yield of 6.96% p.a. The same portfolio was USD 55.7 million equivalent in the previous year, which yielded an average interest rate of 7.67% p.a.

In 2006, the Treasury Department also invested in foreign currency-denominated internal government debt securities throughout the year and reached USD 45.3 million with a yield of 5.98% on average. The same portfolio was USD 44.9 million equivalent in the previous year, which yielded an average interest rate of 5.93% p.a.

Treasury Transaction Volumes in 2005 and 2006

2006		2005	
Deposits Placed	Deposits Taken	Deposits Placed	Deposits Taken
NTL 26,750,000	NTL 4,699,603,000	NTL 177,300,000	NTL 1,792,165,000
USD 2,631,400,000	USD 918,558,308.89	USD 1,550,800,000	USD 655,800,000
€ 714,200,000	€ 15,550,000	€ 719,400,000	€ 832,178,835

In 2006, ATB continued using modern marketing methods and tools to expand its customer and business portfolio activities. Adhering to the Bank's prudent lending policies, the Credits Division carried out its activities with selected clients.

CREDITS

Serving both corporate and commercial segment customers, ATB offers a diversity of services ranging from trade finance to short-term cash loans. This enables ATB to support of all types of companies with credit-related transactions, within Turkey and abroad.

An effective credit monitoring process is achieved through continuous risk monitoring systems and acquisition of proper collaterals.

In 2006, ATB continued using modern marketing methods and tools to expand its customer and business portfolio activities. Adhering to the Bank's prudent lending policies, the Credits Division carried out its activities with selected clients. Working with customers on package deals, the Bank has created a customer portfolio that is based on both strong collateral and short-term maturity. Some of ATB's credit instruments include spot, rotative, FX-indexed, FC, Eximbank credits and non-cash credits.

Compared to the previous year, cash credits increased by 21.6% in 2006 whereas non-cash credits increased by 5% during the same period.

Due to positive trends in the Turkish economy, ATB has placed greater importance on its marketing strategy and follow-up activities in an effort to expand the credit portfolio with reputable, reliable and creditworthy companies.

ATB Credits Division consists of three departments:

1. The Corporate and Retail Marketing Department

This Department deals with structuring of the Bank's marketing strategy as well as development and application of policies to achieve higher business volumes that lead to a larger market share and profit. Marketing strategy is developed and implemented for both commercial (corporations and other legal persons) clients and for individual (consumer) customers.

2. The Credit Allocation and Utilisation Control Department

The risk assessment process analyses and evaluates customer credit applications by taking into consideration all potential risk factors related to the applicant. The credit proposal, together with assessments is then submitted to the Credit Evaluation Committee for further discussion. ATB utilises a corporate credit-scoring model developed by an in-house committee.

The limit allocation process assigns credit limits to credit customers after careful evaluation. The Credit Evaluation Committee discusses and determines limits but before implementation the final approval of the Top Management is obtained.

3. Branch Support and Credit Follow-up Department

This Department provides consultation services and expert advice on subjects requiring technical knowledge in a variety of areas such as legal issues, credit techniques, market information and unusual banking transactions.

Based on the outcome of the corporate credit scoring model, ATB customers are classified into five groups:

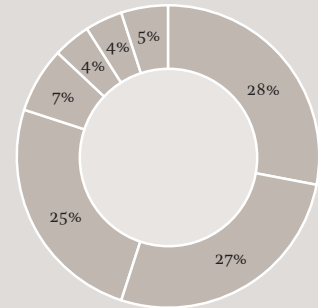
- Very Good Company
- Good Company
- Average Company
- Weak Company
- Very Weak Company

The majority of ATB's customers fall within the range of "good" or "very good" companies. ATB allocates reserves for 100% of its non-performing loans at the end of each financial year. In 2007, ATB aims to increase the volume of its credit exposure with sound, reliable customers.

Credit Portfolio of ATB	2006		2005	
	NTL	USD	NTL	USD
Type of Credit	thousands	millions	thousands	millions
Cash Credits	106,096	75.1	87,218	64.9
Non-cash Credits	278,624	197.2	265,653	197.8
Total Credit Portfolio	384,720	272.3	352,871	262.7
Total Cash Credits/ Total Assets in Percentage		28.5		24.1
FX Cash Credits	28,991	20.5	27,639	20.5
NTL Cash Credits	77,105	54.6	59,579	44.4
FX Non-cash Credits	275,894	195.2	259,819	193.5
NTL Non-cash Credits	2,730	1.9	5,834	4.3
Total FX Credits	304,885	215.7	287,458	214.0
Total NTL Credits	79,835	56.5	65,413	48.7

The Breakdown of Cash and Non-Cash Credit Exposure (excluding export L/C) by Industries as of December 31, 2006

Banks (counter-guarantee)	28%
Finance	27%
Construction	25%
Trade	7%
Automotive	4%
Food	4%
Others	5%



Non-Performing Loans	(NTL thousands)	
	2006	2005
Loans under Legal Follow-up	6,297	7,430
Provisions	6,297	7,430
Net Problem Loans	0	0

INTERNATIONAL BANKING

ATB's International Relations Division has earned an excellent reputation in Turkey as well in international markets. This reputation is derived not only from its strong ownership structure but also from long-lasting relationships with correspondent banks over the years. Given the credibility that it enjoys in international markets, the Bank, by utilizing correspondent bank facilities, is able to provide customers with numerous alternatives for their international business requirements in various sectors.

ATB has a global correspondent network constantly strengthened by encouraging close relationships coupled with high quality service in conformity with the application of Anti-Money Laundering and Know Your Customer Applications. In 2006, a substantial

number of credits lines to and from correspondent banks have created the opportunity for negotiations to expand the banking facilities available to ATB clients.

ATB has concentrated most of its commercial transactions in North Africa and the Middle East. Furthermore Far East markets especially in last years are added to ATB's portfolio that enabled us to handle foreign trade transactions in these expanding markets. ATB has developed and cultivated excellent working conditions with major international banks and other financial institutions in this focused area. ATB received noteworthy credit ratings from Fitch Ratings, confirming its solid growth and profitability both internationally and domestically at competitive standards.

A&T FINANSAL KIRALAMA (LEASING) A.Ş.

A&T Finansal Kiralama A.Ş. established in July 1997, is a member of the Turkish Leasing Association. A&T Leasing is a 99.98% subsidiary of Arab Turkish Bank.

Since its establishment, A&T Leasing has focused on diversifying credit risk within various business sectors, striving to evaluate all possible risks in the marketplace and maintaining a strong customer portfolio on a selective basis. The Company evaluates projects from different points of view such as financial structure, production capacity, staff qualification and quality of the goods produced. These extensive analyses on the investment proposed by the client leave no room for the possibility of non-performing transactions. Additionally, A&T Leasing provides expertise to its customers helping them to realise projects that are both feasible and profitable. The Company adheres to generally accepted commercial rules in all sorts of financial leasing proceedings both domestically and abroad within the provisions of Turkish laws and legislation.

Business Performance

A&T Leasing continued to demonstrate successful performance and preserved its market share among leasing companies in Turkey; it continued to meet the long-term investment financing needs of its clients with realistic and practical policies. As a result of these efforts, A&T Leasing enjoys a high level of portfolio quality and collection performance.

The Company's total assets grew by 11% over the previous year to reach NTL 85.60 million, up from NTL 77.24 million with a before-tax profit of NTL 0.78 million in 2006. With new contracts signed in 2006, the total outstanding leasing receivables of the Company rose to NTL 58.07 million, an increase of 22% over figures for the previous year.

A&T Leasing serves its clients with high quality leasing products and services through a highly experienced staff and at best possible conditions.

Leasing Portfolio

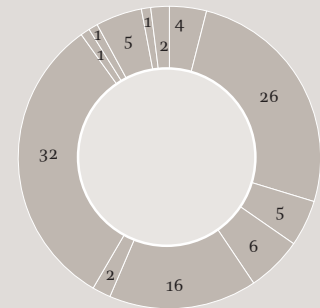
A&T Leasing continued its strategy of expanding the business portfolio utilizing modern marketing tools. The Company took the significant step of extending its business reach by strategically concentrating on medium-scale customers. As a result of its well-established strategies, the Company has a portfolio composed of a variety of equipment that has a relatively high value in the second-hand market. The high value of the asset portfolio in the second-hand market reduces the Company's risk exposure substantially while enhancing its overall collections and profitability.

Funding

A&T Leasing continued to utilize medium-term funding throughout the year. Borrowed funds were primarily used to finance leasing transactions. Occasionally, excess funds arising from routine operations were invested in money market instruments to benefit from additional income. The Company successfully weathered several economic crises in Turkey during the past few years. Posing a strong financial position, the Company has been successful in securing financing from domestic and international respected banks at favourable terms and conditions.

Leased Machinery and Equipment (as of December 31, 2006)

Sock Machines	4%
Press Machines	26%
Construction Machines	5%
Process Machines	6%
CNC Machines	16%
Textile Machines	2%
Agricultural Machines	32%
Computer & Electronic Equipment	1%
Medical Equipment	1%
Real Estate	5%
Jewellery Machines	1%
Office & Various Equipment	2%



Management and Corporate Governance

BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND STATUTORY AUDITORS



A) BOARD OF DIRECTORS

01

CHAIRMAN

A. AYKUT DEMİRAY

Date of Birth: 1954

Education

Middle East Technical University,
Bachelor of Science in Management

Experience

November 28, 1998 - Present

Assistant General Manager of T. İş Bankası A.Ş.

March 31, 1998 - November 28, 1998

Manager of Retail Banking Marketing of T. İş Bankası A.Ş.

02

DEPUTY CHAIRMAN

AL AMIN A. SHALLOUF

Date of Birth: 1944

Education

Lebanese University, Economics Department

Experience

2007 - Present

Vice Chairman Suez Canal Bank Cairo

1997 - 2007

Manager Libyan Foreign Bank, International Participation Department

03

MEMBER AND GENERAL MANAGER

SADEK K. S. ABU HALLALA

Date of Birth: 1949

Education

University of Garyounis, Faculty of Economics, B.Sc. in Accounting
University of Hartford, Connecticut, USA, M.Sc. in Accounting

Experience

1995 - May, 2006

Libyan Foreign Bank, Manager

1991 - 1995

Arab Bank for Investment & Foreign Trade, Abu Dhabi / UAE, Manager

04

MEMBER

KHALED M. N. M. AL-HERSHANI

Date of Birth: 1960

Education

University of Kuwait, Bachelor of Science in Commerce,
Administrative Sciences and Business Finance

Experience

1999 - Present

Kuwait Investment Company, Investment Manager

European Investment Department Swiss Equity Portfolio

1997 - 1999

Kuwait Investment Company,

Managing Director's Office - Investment Manager

05

MEMBER

DR. AISHA SALEM ELHAJI

Date of Birth: 1961

Education

Northern Arizona University, USA - Bachelor of Science
in Communication

Maastricht School of Management, Holland

MBA in International Business Administration

Sofia University - Ph.D. in Macro-Economics

Experience

1998 - Present

Libyan Foreign Bank, Manager of Research Department

Lecturer at University of Tripoli

1989 - 1993

Libyan Foreign Bank, Chairman of Legal Research
Department

06

MEMBER

ATILLA ÇETİNER

Date of Birth: 1953

Education

Ankara Economic and Commercial Sciences Academy,
Finance and Economics

Experience

2005 - Present

General Manager Ziraat Bank International AG Frankfurt,
Germany

2002 - 2005

Ziraat Bank Assistant General Manager Responsible for
Foreign Relationships



08

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09

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07

MEMBER**MUSTAFA RAJAB M. LAGILLI****Date of Birth:** 1955**Education**Ibn Rushd Islamic University,
Business Administration Management Department**Experience**

2000 - Present

Libyan Foreign Bank, Assistant Manager

1995 - 2000

Manager of Shari Trade Bank, Banking Transactions

08

MEMBER**ÖMER ÇELEBİ****Date of Birth:** 1959**Education**Middle East Technical University, Bachelor of
Science in Political Sciences and Public
AdministrationUniversity of Exeter, Master's Degree in Business
Finance**Experience**

2003 - Present

Individual Loans Department Manager Türkiye İş
Bankası A.Ş.

2000 - 2002

Economic Research Manager of Türkiye İş Bankası
A.Ş.

09

MEMBER**SHAREF SAID SHALABI****Date of Birth:** 1952**Education**

University of Africa, Accountancy Department

Experience

1994 - Present

UBAF Hong Kong, Board and executive committee
member

1992 - Present

Libyan Foreign Bank, Deputy Manager, Foreign
Exchange Department

10

MEMBER**DR. DOURAID DERGHAM****Date of Birth:** 1964**Education**Damascus University, Syria - Mathematics Studies in Sciences Faculty
High School of Economic and Commercial Sciences in Paris
Diploma of ESSEC - Paris University
Paris University, Ph.D. in Economic Sciences**Experience**

2003 - Present

Commercial Bank of Syria, Chairman and General Manager

2002 - 2003

Lectures audit, consulting and research in Economics and Financial
Management High Institute of Applied Sciences Technology, Damascus

11

BOARD SECRETARY**BİGE SALTİK**



B) EXECUTIVE MANAGEMENT

MOHAMED NAJIB HMIDA EL-JAMAL

Position
General Manager
Until
May 23, 2006

01 SADEK K. S. ABU HALLALA

Position
General Manager
As from
May 23, 2006
Date of Birth: 1949

Education
University of Garyounis, Faculty of Economics, B.Sc. in Accounting
University of Hartford, Connecticut, USA, M.Sc. in Accounting

Experience
1995 - May, 2006
Libyan Foreign Bank, Manager
1991 - 1995
Arab Bank for Investment & Foreign Trade, Abu Dhabi / UAE, Manager

02 MEHMET OĞUZ TEOMAN

Position
Asst. General Manager, Treasury & Capital Markets Department (Front & Back Office), International Department, Banking Services & Legislation Department, Organisation & Method Department, Information Technologies Department

Date of Birth: 1952

Education
Ankara University, Faculty of Political Sciences, BA in International Relations

Experience
1992 - 1995
Alternatif Bank, Asst. General Manager
1991 - 1992
State Bank of Westchester, New York USA, Vice President

03 NURİ GÜZVELİ

Position
Asst. General Manager, Budget, Reporting & Accountancy Department
Date of Birth: 1955

Education
Bogaziçi University, BA in Business Administration

Experience
1993 - 1996
Kentbank, Coordinator, Internal Audit, Financial Control, Planning & Accounting Department.
1989 - 1992
Interbank, Manager, Financial Control & Accounting Dept.

KHALIFA M. ZRIG

Position
Asst. General Manager
Until
July 31, 2006

04 MOHAMED NAGEB H. MUGBER

Position
Asst. General Manager

As from: September 15, 2006, Credit Division, Investigation & Financial Analysis & İstanbul, Kozyatağı and Ankara Branches

Date of Birth: 1952

Education
University of El Kudus, Tripoli, Libya, BS in Accountancy

Experience
1989 - 2006 Libyan Foreign Bank, Deputy Manager
1978 - 1989 Arab Turkish Bank, Manager

Our integrity, emphasis on customer services, well managed risk profile, solid financial position and ability to adapt to changes have served us well in the past and will continue to serve us as well in the future.

C) STATUTORY AUDITORS

KENAN BOZKURT

Date of Birth: 1969

Education

Ankara University, Public Administration

Experience

2005 - Present

T.C. Ziraat Bankası A. Ş. Senior Manager of International Relations Department

2002 - 2005

T.C. Ziraat Bankası A.Ş. Eskişehir Region - Region Supervisor

Banking Experience: 16 years

MEHMET KARAKILIÇ

Date of Birth: 1967

Education

Middle East Technical University, Public Administration Department

Experience

2004 - Present

T. İş Bankası A.Ş. Treasury, Group Manager

2000 - 2004

T. İş Bankası A.Ş. Treasury Assistant Manager

Banking Experience: 17 years

The members of the Board of Directors and Statutory Auditors attend all of the meetings unless they have a valid excuse.

D) COMMITTEES

Executive Committee

SADEK K. S. ABU HALLALA, Chairman
MOHAMED NAGEB H. MUGBER, Member
M. OĞUZ TEOMAN, Member
NURİ GÜZVELİ, Member
BİGE SALTİK, Secretary

Credit Evaluation Committee

MOHAMED NAGEB H. MUGBER, Chairman,
since September 29, 2006
BİGE SALTİK, Member
BAHTIYAR KAMBEROĞLU, Member
HANDE ALAYDIN SÜRENKÖK, Member,
until August 30, 2006
ÖZGÜR ERKER, Member, until September 29, 2006
E. MİNE ERCAN, Member, until September 29, 2006
EMRAH GÖKDEMİR, Member
SALİH HATIPOĞLU (observer)

High Level Risk Committee

The High Level Risk Committee prepares and recommends risk management strategies and policies of ATB on a solo and consolidated basis to the Board of Directors; it also monitors their implementation once approved. The Committee has been established to systematically manage risk to which the Bank is exposed to. The Committee reports directly to the Board of Directors.

Members

ÖMER ÇELEBİ Chairman
A. AYKUT DEMİRAY, Member
M. OĞUZ TEOMAN, Member
NURİ GÜZVELİ Member
SALİH HATIPOĞLU, Member

ÖMER ÇELEBİ

According to the Regulation on Internal Systems of Banks, Mr. Çelebi has been appointed by the Board of Directors as the Board Member Responsible for the Internal Control Systems of the Bank. He also serves as the Chairman of the High Level Risk Committee.

Responsibilities

To provide for the establishment of, and the adequate and efficient functioning of Internal Control, Internal Audit and Risk Management Systems,

To organize and coordinate the functioning of Internal Control, Risk Management and Internal Audit Systems of the Bank,

To determine duties, responsibilities, strategies, policies and application procedures of the departments within the scope of Internal Systems,

To represent the Internal Control Centre, Risk Management Department and Board of Internal Auditors in the Board of Directors.

Audit Committee

The Audit Committee was established by the Board of Directors to carry out the audit and monitoring function of the Board of Directors in accordance with Article 24 of the Banking Law and regulations dealing with the Internal Control Systems of banks.

Members

A. AYKUT DEMİRAY, Chairman
ÖMER ÇELEBİ, Member

E) SUMMARY BOARD OF DIRECTORS REPORT PRESENTED TO THE GENERAL ASSEMBLY

Dear Shareholders,

We are honoured to welcome you to the Annual Shareholders Meeting of Arab Turkish Bank. On this occasion, we will report on the Bank's financial and operational performance for the year 2006, following a short look over the economic developments in the country.

For the era after 2001, one of the most important developments in the Turkish economy is the continuous positive growth. Lastly at the third quarter of 2006, the GNP growth was positive, and this means an uninterrupted growth for 19 quarters beginning from first quarter of 2002.

The European Union has been the ultimate anchor and catalyst for institutional evolution so far. Along with more disciplined fiscal and monetary policies, the prospect of membership into the EU has established the groundwork for a more vibrant and stable Turkish economy. One immediate benefit of the accession talks was that they have placed Turkey on the radar screen of international investors who previously had little reason to consider Turkey.

Along with the Turkish economy, the banking sector has continued to grow too during the first nine months of 2006. In addition to an increase in the number of branches and employees, total assets, credit volume and deposits have risen with positive environment and expectations.

In this economic and political environment, ATB marked another milestone in 2006, demonstrating its strength and ability to enhance performance and increase total assets and shareholders' equity, which amounted to NTL 372.8 million (USD 263.8 million) and NTL 86.7 million, respectively. The net profit of the Bank was NTL 5.0 million and capital adequacy ratio was 35.23%. Fitch Ratings confirmed the Bank's rating as "B". At the end of 2006, Arab Turkish Bank had three branches.

ATB channelled the foreign currency funds borrowed into fruitful long term investments in FX-denominated government bonds, Eurobonds and loans extended to A-rated companies that conformed to the Bank's risk profile. The Bank's long-standing and widespread relationships with the Middle East and North Africa are crucial for the import and export transaction volume. ATB gained a sufficient profit on the business received from financial institutions in these regions.

ATB pays utmost attention to increase its excellent relations with North Africa and the Middle East through frequent visits and trainee exchange programs with correspondents in this region.

As of the end of 2006, total cash loans of ATB stood at USD 75 million and the total off-balance sheet liabilities were USD 256.7 million. Parallel to Arab Turkish Bank's prudent lending policies, the marketing activities with selected A-rated clients continued in 2006. Against non-performing loans, 100% provision was set aside and all legal requirements were met.

In 2006, parallel the strategy and road map of the Bank for the adaptation to Basel II process, ATB continued studies to prepare itself for the Basel II standards, which will be in effect by the beginning of 2008.

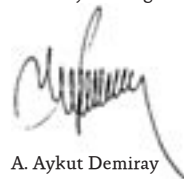
This year, major improvements were achieved with regard to information technology applications. The Bank accomplished its basic objectives to deliver high quality service to customers and other banking activities at international standards.

Our integrity, emphasis on customer services, well managed risk profile, solid financial position and ability to adapt to changes have served us well in the past and will continue to serve us as well in the future.

On behalf of the Board of Directors of ATB, we take this opportunity to extend our appreciation to all of our customers and correspondents both within Turkey and abroad, for their support, co-operation and high confidence. We also extend gratitude and appreciation to the General Management for their valuable assistance and to the entire staff of the Bank for their successful services.

On this occasion, once again we would like to welcome the shareholders of Arab Turkish Bank hoping that the resolutions and the outcome of this meeting shall lead our Bank to positive and constructive results.

With my best regards,



A. Aykut Demiray
Chairman

F) HUMAN RESOURCES

ATB has a policy that underlines the importance of the quality of the staff, their professionalism and sense of responsibility at all organisational levels. The management has long believed that investing in human resources is always profitable. Thus, its long-standing commitment to human resource investments has led to the development of sophisticated training programmes aimed at the technical aspects of banking as well as career enhancement.

The management strategy encourages staff members to improve their personal skills and professional knowledge by attending seminars and workshops conducted by well-reputed academic and professional institutions as well as correspondent banks. Training programmes in 2006 enjoyed a participation rate of 59% of the total staff, at all levels of the organisation, evincing the importance the Bank places on training activities.

Staff performance and their current competencies are evaluated by the General Management to determine promotions within the Bank at the end of each year.

The recruitment and placement of skilled bankers and experts is an ongoing process. Utmost effectiveness has been achieved by interviewing the candidates with different backgrounds and placing the most appropriate ones in positions as new staff members in strategic, profit-oriented departments. This process was complemented with internal transfers to new positions via the assignment of key personnel among the present staff.

As a result of these recruitment and training activities, ATB has built a dynamic, experienced and well-educated team of banking professionals. As of the end of December 2006, the Bank had three branches and 174 employees of whom approximately more than half were university graduates with an average 10 years experience in the banking sector and an average age of 38.

G) RELATED-PARTY TRANSACTIONS

All relevant transactions with entities in the Bank's risk group and/or controlled by the Bank are realized within the limits set by the regulatory authority, the Banking Regulation and Supervision Agency, and are regularly reported to the Agency.

Financial Statements And Risk Management

STATUTORY AUDITORS' REPORT

TO THE SHAREHOLDERS OF
ARAB TURKISH BANK

We have examined the transactions of the Bank for the fiscal year 2006, its balance sheet as of December 31st, 2006 and the related statement of earnings for the year then ended.

In our opinion the above mentioned transactions were recorded in conformity with the Laws and the balance sheet and the statement of earnings are in agreement with the records.

We, therefore, propose that you approve the enclosed balance sheet and the statement of earnings.

March 05th 2007

STATUTORY AUDITORS



MEHMET KARAKILIÇ



KENAN BOZKURT

REPORT OF THE AUDIT COMMITTEE ON INTERNAL SYSTEMS OF THE BANK

Recent developments in banking have made risk management more important than ever. In line with the developments throughout the banking industry, new regulations on risk management have also come into effect in Turkey. In order to comply with the related Regulation, two independent bodies, Risk Management Department and Internal Control Centre were established in November 2000 and October 2001, respectively in addition to the Inspection Council. The organizational structure, policies, procedures and the working principles of these departments have been determined.

As per the Regulation on Banks' Internal Systems, these three Departments operate under the Board Member responsible for Internal Systems of the Bank.

The Bank established adequate internal audit, internal control and risk management systems in harmony with the scope and structure of its activities, able to respond to changing conditions and covering all branches and undertakings subject to consolidation to monitor and control risk that it encounters.

The High Level Risk Committee was established under the chairmanship of a Board Member responsible for the Internal Systems of the Bank. The High Level Risk Committee in Arab Turkish Bank is responsible for preparation of risk management strategies and policies to be followed by the Bank, submission of such strategies and policies to the Board of Directors for approval and monitoring of implementation thereof.

In frame of the Regulation on Internal Systems of Banks, the Audit Committee was established by the Bank's Board of Directors for the execution of the audit and monitoring function of the Board of Directors.

Internal audit and control functions of the Bank are carried out by the Inspection Council and Internal Control Centre. These control units prepare their audit plans by taking the priority of risky areas into consideration and include all risk factors. The reports containing audit results delivered to related authorities (including the Responsible Board Member, Audit Committee and the High Level Management of the Bank) on time so that the determined weaknesses can be eliminated without any delay.

The Internal Audit Function is being fulfilled in accordance with the related regulations and international standards by the Inspection Council in the Bank and in A&T Leasing Company, which is the subsidiary under control. The internal audit process in general and in compliance with the existing policies and procedures followed up by the Inspection Council aims to establish reliable internal audit standards in the Bank.

The Internal Control Centre fulfils the control duties on a continuous basis in detail in accordance with the Turkish Law and Regulations, the Bank's Policies and Procedures, Departmental Policies and Procedures and Daily Check Lists. The activities of the Internal Control Centre cover the entire financial, operational and other control systems established within the body of the Bank and improve the preventive controls to cope with undesired events.

The Risk Management Department is responsible for analyzing, identifying, measuring, monitoring, reporting and controlling risks. It is further responsible for establishing and applying risk management policies, guidelines and rules in conformity with the principles set forth by the High Level Risk Committee and approved by the Board of Directors.

Risk analysis reports related to credit, market and operational risk are submitted to the Responsible Board Member, Board of Directors, High Level Risk Committee and High Level Management to be evaluated and taken into consideration in the decision-making process on a monthly basis.

Authorisation and execution of trading limits and standards related to risks have been established.

Within the framework of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Bank uses "Standardised Market Risk Measurement Method" in order to determine the capital charges for general market risks and specific risks since January 1, 2002.

On the other hand, in addition to the Standard Method in regulatory reports, the Bank began to use "Value at Risk Model" as an internal risk measurement model to estimate the daily capital charge for general market risks and specific risk starting from May 31, 2006. The results of the VaR model are back-tested on a daily basis.

VaR analyses are made by considering the usual movements in the market. However, it is also necessary to analyse the unusual movements in the market and measure the portfolio value in such cases. Stress tests and scenario analyses are complementary applications, which are used to measure the effects of unusual movements of the market values. These calculations are made regularly as of month ends or whenever needed.

ATB's primary objective is to achieve the qualitative standards of the Basel Committee, by applying policies and procedures and by developing risk management, internal audit and internal control culture within the Bank. In 2006, ATB continued studies to adapt to Basel II standards, which will be in effect by the beginning of 2008. In order to ensure proper adaptation of the Bank to Basel II, all studies are carried on in parallel with the related strategy and road map.

The ultimate goal of Internal Systems is to safeguard the Bank's assets by striking the right balance between risk and return, in compliance with ATB's goals and strategies.



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KUWAITI CURRENCY



ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED FINANCIAL STATEMENTS

As of and For the Year Ended 31 December 2006

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)
WITH INDEPENDENT AUDITOR'S REPORT THEREON



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com.tr

**(Convenience Translation of Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.d)**

**Convenience Translation of the Independent Auditor's Report
Originally Prepared and Issued in Turkish**

To the Board of Directors of Arap Türk Bankası Anonim Şirketi:

We have been engaged to audit the unconsolidated balance sheet of Arap Türk Bankası A.Ş. ("the Bank") as of 31 December 2006 and the related statement of income, changes in shareholders' equity and cash flow for the year then ended together with the summary of important accounting policies and other explanatory notes. The financial statements of the Bank as of and for the year ended 31 December 2005 was audited by another auditor who expressed an unqualified opinion in their report dated 27 January 2006.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishment of internal control systems relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette no.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and the statements and guidances published by the Banking Regulation and Supervision Agency (BRSA) on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility is to express an opinion on these financial statements based on our audit. We planned and performed the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances and the appropriateness of accounting policies used. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Arap Türk Bankası AŞ as of 31 December 2006 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and the statements and guidances published by the BRSA on accounting and financial reporting principles.

İstanbul,
February 26, 2007

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik Anonim Şirketi

Murat Alsan
Engagement partner

Additional paragraph for convenience translation to English:

As explained in Note 3.1.d, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



ARAP TÜRK BANKASI

المصرف العربي التركي ARAB TURKISH BANK

**ARAP TÜRK BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2006**

Address of the Bank's Headquarters
Valikonağı Caddesi No:10
34367 – ŞİŞLİ/İSTANBUL

Telephone and Fax Numbers
Tel : 0.212.225 05 00
Faks: 0.212.225 05 26

Website of the Bank
<http://www.arabturkbank.com>

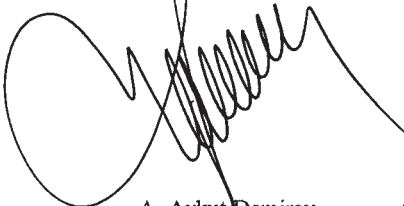
E-mail address of the Bank
webmaster@arabturkbank.com

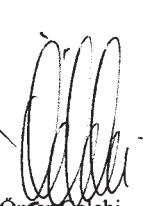
The unconsolidated year-end financial report prepared in accordance with the communique of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency”, is comprised of the following sections:

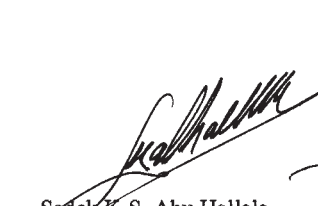
- **Section One** GENERAL INFORMATION ABOUT THE BANK
- **Section Two** UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** INFORMATION RELATED TO ACCOUNTING POLICIES APPLIED
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- **Section Five** DISCLOSURES AND FOOTNOTES ON NON-CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER DISCLOSURES AND FOOTNOTES
- **Section Seven** INDEPENDENT AUDITOR'S REPORT

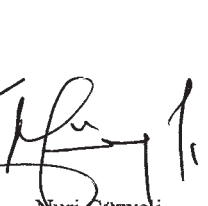
The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles" and the related statements and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in New Turkish Lira (YTL) thousands as of 31 December 2006; and enclosed.

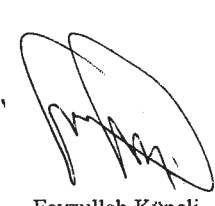
February 26 2007


A. Aykut Demiray
Chairman of The
Board of Directors &
Head of The Audit
Committee


Onfer Çelebi
Member of The
Board of Directors
and Audit Committee


Sadek K. S. Abu Hallala
General Manager


Nuri Güzveli
Assistant General
Manager Responsible
for Financial Reporting


Feyzullah Küpeli
Manager

Contact information for questions on this financial report:

Name/Title: Feyzullah Küpeli / Manager

Phone No : 0 212 225 05 00

Fax No: 0 212 225 05 26

A Member of Istanbul Stock Exchange & Istanbul Gold Exchange

Valikonağı Caddesi No.: 10 Nişantaşı 34367 İstanbul P.O. Box 150 Şişli 34360 İstanbul / Türkiye
Tel: (0212) 225 05 00 (19 Lines) Fax: (0212) 225 05 26 Telex: 26830 atbk tr

Page No:

SECTION ONE General Information

I.	Bank's date of establishment, beginning statute, its history including changes on its statute	32
II.	Bank's share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about bank's group	32
III.	Information about the bank's chairman and members of board of directors, members of audit committee, general manager and associate general managers and their qualifications, related changes within the year and their shares at the bank	32
IV.	Information on people and entities who have qualified share in the bank	33
V.	Information about the services and nature of activities of the bank	33

SECTION TWO Financial Statements

I.	Balance Sheet	34
II.	Statements of Contingencies and Commitments	36
III.	Statements of Income	37
IV.	Statements of Changes in Shareholders' Equity	38
V.	Statements of Cash Flow	39
VI.	Profit Appropriation Table	40

SECTION THREE Accounting Policies

I.	Explanation for basis of presentation and footnotes	41
II.	Information on strategy for the use of financial instruments and foreign currency transactions	42
III.	Information on Affiliates and Associates	42
IV.	Information on forward transactions, options and derivative instruments	42
V.	Information on interest income and expense	42
VI.	Information on fees and commission	42
VII.	Information on financial assets	42
VIII.	Information on impairment of financial assets	44
IX.	Information on the netting-off financial instruments	44
X.	Information on sale and repurchase agreements and lending of financial assets	44
XI.	Information on assets held for sale and discontinued operations	44
XII.	Information on goodwill and other intangible assets	44
XIII.	Tangible assets	45
XIV.	Information on leasing activities	45
XV.	Information on provisions and contingent liabilities	45
XVI.	Contingent assets	45
XVII.	Information on liabilities regarding employee rights	46
XVIII.	Information on tax applications	46
XIX.	Additional information on borrowings	46
XX.	Information on share issuances	46
XXI.	Information on bills of exchanges and acceptances	46
XXII.	Information on government incentives	47
XXIII.	Profit reserves and profit distribution	47
XXIV.	Earnings per share	47
XXV.	Related parties	47
XXVI.	Cash and cash equivalents	47
XXVII.	Classifications	47

SECTION FOUR Information On The Financial Position of The Bank

I.	Information on capital adequacy ratio	48
II.	Information on credit risk	50
III.	Information on market risk	52
IV.	Information on foreign currency exchange rate risk	53
V.	Information on interest rate risk	55
VI.	Information on liquidity risk	57
VII.	Information on fair values of financial assets and liabilities	58
VIII.	Activities carried out on behalf of and account of third parties, activities based on assurance	59
IX.	Summary information on the Bank's rating by international rating institutions	59

SECTION FIVE Information On Disclosures and Footnotes of Non-Consolidated Financial Statements

I.	Information on disclosures and footnotes of assets	60
II.	Information on disclosures and footnotes of liabilities	68
III.	Information on disclosures and footnotes of off-balance sheets	73
IV.	Information on disclosures and footnotes of income statements	74
V.	Information on disclosures and footnotes of changes in shareholders' equity	78
VI.	Information on disclosures and footnotes of cashflow statements	79
VII.	Information on the bank's risk group	80
VIII.	Information on the bank's domestic, international and off-shore balances and international representatives	81
IX.	Information on disclosures and footnotes of off-balance sheet items	81

SECTION SIX Information On Independent Auditor's Report

I.	Information on independent auditor's report	81
II.	Information and footnotes related to independent auditor's report	81

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION ONE GENERAL INFORMATION

I. Bank's date of establishment, beginning statute, its history including changes on its statute

Arap Türk Bankası A.Ş. ("The Bank") has been established on 18 July 1976 as a joint stock entity in accordance with an agreement signed between the Republic of Turkey and the Libyan Arab Republic. The Bank is administrated in conformity with the Articles of Association published in Official Gazette on 18 July 1976 and also as per the "Agreement for the Establishment of a Joint Bank between the Libyan Arab Republic and the Republic of Turkey" dated August 11, 1975. The duration of the Bank is 50 years from the commencement of the Agreement. This period shall be renewable automatically unless agreed otherwise by an Extraordinary General Meeting held at least one year prior to expiration.

In accordance with the Articles of Association, the Board of Directors shall elect a Chairman among its Turkish members and a Deputy Chairman among its Arab members. The General Manager shall always be nominated by the Arab Shareholders and confirmed and retired by the Board.

II. Bank's share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about bank's group

The Bank is a foreign bank incorporated in Turkey. The main shareholder is Libyan Foreign Bank incorporated in Libya, the other foreign shareholder is Kuwait Investment Co. incorporated in Kuwait and Turkish investors; Türkiye İş Bankası A.Ş., T.C. Ziraat Bankası A.Ş. and Emek İnşaat ve İşletme A.Ş. The foreign participation at the share capital is 65%. The main shareholder Libyan Foreign Bank has financial investments in various countries.

III. Information about the bank's chairman and members of board of directors, members of audit committee, general manager and associate general managers and their qualifications, related changes within the year and their shares at the bank

Name	Job Description	Starting Date of Job	Education Degree	Experience in Banking and Management
A. Aykut Demiray	Chairman of Board of Directors	06.11.2002	University	26 years
Al-Amin Ashour Shallouf	Deputy Chairman of Board	25.10.2001	University	42 years
Ömer Çelebi	Member of the Board	14.04.2005	University	23 years
Atilla Çetiner	Member of the Board	19.09.2002	University	28 years
Khaled M.N. Alhershani	Member of the Board	03.05.2001	University	20 years
Dr Douraid Dergham	Member of the Board	22.06.2006	Doctorate	4 years
Sharef Said Ali Shalabi	Member of the Board	25.10.2001	University	32 years
Mustafa Rajab M. Lagilli	Member of the Board	17.08.2004	University	32 years
Dr. Aisha Salem El Haji	Member of the Board	25.10.2001	Doctorate	19 years
Kenan Bozkurt	Auditor	31.03.2006	University	16 years
Mehmet Karakılıç	Auditor	24.03.2005	University	17 years
Sadek K.S. Abu Hallala	General Manager	23.05.2006	University	23 years
M. Oğuz Teoman	Associate General Manager	02.10.1995	University	30 years
Nuri Güzveli	Associate General Manager	01.12.1996	University	28 years
M. Nageb Hassan Mugber	Associate General Manager	15.09.2006	University	33 years

Due to Tekfenbank's sale of its shares, Member of the Board Mehmet Nazmi Erten left his title in 2006. Libyan Foreign Bank has not nominated a new board member yet.

Mohammed Benhalima, member of the board left his occupation in 2006 and Dr. Douraid Dergham was appointed on behalf of him.

Kenan Bozkurt was appointed as auditor position which was left by Mehmet Sevindik.

Members of the board, auditors and top level managers do not possess any share in the bank.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

IV. Information on people and entities who have qualified share in the bank:

Name Surname/Entity Title	Share Amount	Share Percentage	Paid-in Capital	Unpaid Capital
Libyan Foreign Bank	24.026	58,60 %	24.026	-
T. İş Bankası A.Ş.	8.200	20%	8.200	-
T.C. Ziraat Bankası A.Ş.	6.150	15%	6.150	-

Libyan Foreign Bank, possessor of the 47,69% shares of the Bank has taken over the 10,91% of the Bank's shares amounting to YTL 4.472.154 from Tekfenbank A.Ş on 28 June 2006 with the approval of the BRSA dated June 23, 2006.

V. Information about the services and nature of activities of the bank

The Bank is incorporated to mediate commercial activities between Turkey and North African countries. Bank is authorized to gather deposits and operates in corporate banking areas. The Bank has three branches; two in Istanbul and one in Ankara. The Bank has share participations in a subsidiary operating in financial leasing business.

ARAP TÜRK BANKASI A.Ş.**Unconsolidated Balance Sheet As of 31 December 2006**

(Thousands of YTL-New Turkish Lira)

**SECTION TWO
FINANCIAL STATEMENTS**

ASSETS	Footnotes	Amounts are expressed in thousands of YTL					
		CURRENT PERIOD (31/12/2006)			PREVIOUS PERIOD (31/12/2005)		
		YTL	FC	TOTAL	YTL	FC	TOTAL
I. CASH EQUIVALENTS AND BALANCES WITH THE CENTRAL BANK	(5.I.1)	207	24.868	25.075	433	25.521	25.954
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS	(5.I.2)	21.907	72.477	94.384	40.489	66.958	107.447
2.1 Trading Financial Assets		21.907	72.405	94.312	40.489	66.892	107.381
2.1.1 Government Debt Securities		21.907	66.362	88.269	40.489	60.921	101.410
2.1.2 Securities Representing Share in Equity		-	-	-	-	-	-
2.1.3 Other Marketable Securities		-	6.043	6.043	-	5.971	5.971
2.2 Reclassed as Financial Assets at Fair Value Through Profit/Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Securities Representing Share in Equity		-	-	-	-	-	-
2.2.3 Other Marketable Securities		-	-	-	-	-	-
2.3 Trading Financial Derivatives		-	72	72	-	66	66
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(5.I.3)	6.433	7.728	14.161	14	12.715	12.729
IV. RECEIVABLES FROM MONEY MARKETS		-	-	-	-	-	-
4.1 Receivables From Money Market Placements		-	-	-	-	-	-
4.2 Receivables From Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables From Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS	(5.I.4)	130	795	925	131	755	886
5.1 Securities Representing Share in Equity		-	-	-	-	-	-
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		130	795	925	131	755	886
VI. LOANS	(5.I.5)	77.105	28.991	106.096	59.579	27.639	87.218
6.1 Loans		77.105	28.991	106.096	59.579	27.639	87.218
6.2 Loans Under Follow-up		6.297	-	6.297	7.430	-	7.430
6.3 Specific Provisions (-)		6.297	-	6.297	7.430	-	7.430
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENTS (NET)	(5.I.6)	18.042	63.592	81.634	4.555	75.040	79.595
8.1 Government Debt Securities		18.042	37.206	55.248	4.555	49.986	54.541
8.2 Other Marketable Securities		-	26.386	26.386	-	25.054	25.054
IX. INVESTMENTS AND ASSOCIATES (NET)	(5.I.7)	-	-	-	-	-	-
9.1 Consolidated Investments and Associates under Equity Method		-	-	-	-	-	-
9.2 Non-Consolidated Investments and Associates		-	-	-	-	-	-
9.2.1 Financial Investments and Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments and Associates		-	-	-	-	-	-
X. SUBSIDIARIES (NET)	(5.I.8)	24.455	-	24.455	20.456	-	20.456
10.1 Non-Consolidated Financial Subsidiaries		24.455	-	24.455	20.456	-	20.456
10.2 Non-Consolidated Non-Financial Investments and Associates		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ASSOCIATES	(5.I.9)	-	-	-	-	-	-
11.1 Consolidated Jointly Controlled Associates under Equity Method		-	-	-	-	-	-
11.2 Non-Consolidated Jointly Controlled Associates		-	-	-	-	-	-
11.2.1 Financial Jointly Controlled Associates		-	-	-	-	-	-
11.2.2 Non-Financial Jointly Controlled Associations		-	-	-	-	-	-
XII. RECEIVABLES FROM FINANCIAL LEASE TRANSACTIONS (NET)	(5.I.10)	-	-	-	-	-	-
12.1 Receivables From Financial Leases		-	-	-	-	-	-
12.2 Receivables From Operational Leases		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGE PURPOSES	(5.I.11)	-	-	-	-	-	-
13.1 Hedging for Fair Value Risk		-	-	-	-	-	-
13.2 Hedging for Cash Flow Risk		-	-	-	-	-	-
13.3 Hedging for Net Investment Risk in Abroad		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (NET)	(5.I.12)	20.613	-	20.613	21.525	-	21.525
XV. INTANGIBLE ASSETS (NET)	(5.I.13)	357	-	357	469	-	469
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		357	-	357	469	-	469
XVI. TAX ASSETS	(5.I.14)	1.581	-	1.581	2.485	-	2.485
16.1 Current Tax Assets		176	-	176	689	-	689
16.2 Deferred Tax Assets		1.405	-	1.405	1.796	-	1.796
XVII. ASSETS HELD FOR RESALE (NET)	(5.I.15)	1.475	-	1.475	1.842	-	1.842
XVIII. OTHER ASSETS	(5.I.16)	1.569	493	2.062	216	972	1.188
TOTAL ASSETS		173.874	198.944	372.818	152.194	209.600	361.794

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

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Balance Sheet As of 31 December 2006

(Thousands of YTL-New Turkish Lira)

LIABILITIES and SHAREHOLDERS' EQUITY	Footnotes	Amounts are expressed in thousands of YTL					
		CURRENT PERIOD (31/12/2006)			PREVIOUS PERIOD (31/12/2005)		
		YTL	FC	TOTAL	YTL	FC	TOTAL
I. DEPOSITS	(5.II.1)	13.289	78.729	92.018	5.343	65.267	70.610
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	-	-	-	-	-	-
III. FUNDS BORROWED	(5.II.3)	1.331	124.936	126.267	530	153.007	153.537
IV. FUNDS FROM MONEY MARKET		40.593	-	40.593	29.369	-	29.369
4.1 Funds From Interbank Money Market		-	-	-	-	-	-
4.2 Funds From Istanbul Stock Exchange Money Market		40.347	-	40.347	20.025	-	20.025
4.3 Funds Provided Under Repurchase Agreements		246	-	246	9.344	-	9.344
V. MARKETABLE SECURITIES ISSUED (NET)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Assed Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		30	2.532	2.562	12	2.494	2.506
VIII. OTHER LIABILITIES	(5.II.4)	548	1.262	1.810	448	856	1.304
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (NET)	(5.II.5)	-	67	67	-	-	-
10.1 Financial Lease Payables		-	67	67	-	-	-
10.2 Operational Financial Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(5.II.6)	-	-	-	-	-	-
11.1 Hedging for Fair Value Risk		-	-	-	-	-	-
11.2 Hedging for Cash Flow Risk		-	-	-	-	-	-
11.3 Hedging for Net Investments Risk in Abroad		-	-	-	-	-	-
XII. PROVISIONS	(5.II.7)	4.136	171	4.307	4.828	162	4.990
12.1 General Loan Loss Provision		1.221	-	1.221	1.002	-	1.002
12.2 Restructuring Provision		-	-	-	-	-	-
12.3 Provision for Employee Benefits		2.326	-	2.326	2.508	-	2.508
12.4 Insurance Technical Provision (Net)		-	-	-	-	-	-
12.5 Other Provisions		589	171	760	1.318	162	1.480
XIV. TAX LIABILITY	(5.II.8)	1.539	-	1.539	1.674	-	1.674
14.1 Current Tax Liabilities		1.539	-	1.539	1.674	-	1.674
14.2 Deferred Tax Liabilities		-	-	-	-	-	-
XV. LIABILITIES RELATED TO ASSETS HELD FOR RESALE	(5.II.9)	-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(5.II.10)	-	16.967	16.967	-	16.122	16.122
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	86.688	-	86.688	81.682	-	81.682
16.1 Paid-in Capital		41.000	-	41.000	41.000	-	41.000
16.2 Capital Reserves		33.004	-	33.004	33.004	-	33.004
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Fund		-	-	-	-	-	-
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets revaluation Differences		-	-	-	-	-	-
16.2.6 Non-paid-up Shares of Investments and Associates, Subsidiaries and Jointly Controlled Associates		-	-	-	-	-	-
16.2.7 Hedge (Effective portion)		-	-	-	-	-	-
16.2.8 Assets Held for Resale Revaluation Differences		-	-	-	-	-	-
16.2.9 Other Capital Reserves		33.004	-	33.004	33.004	-	33.004
16.3 Profit Reserves		985	-	985	781	-	781
16.3.1 Legal Reserves		985	-	985	781	-	781
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		-	-	-	-	-	-
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or Loss		11.699	-	11.699	6.897	-	6.897
16.4.1 Prior Years' Income or Loss		6.693	-	6.693	2.076	-	2.076
16.4.2 Current Year Income or Loss		5.006	-	5.006	4.821	-	4.821
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		148.154	224.664	372.818	123.886	237.908	361.794

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

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Off Balance Sheet As of 31 December 2006

(Thousands of YTL-New Turkish Lira)

	Footnotes	THOUSANDS OF YTL					
		CURRENT PERIOD (31/12/2006)			PREVIOUS PERIOD (31/12/2005)		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		3.749	358.952	362.701	6.802	273.316	280.118
I. GUARANTEES AND SURETIES	(5.III.1)	2.730	275.894	278.624	5.834	259.819	265.653
1.1. Letters of Guarantees		2.730	129.437	132.167	5.834	58.669	64.503
1.1.1. Guarantees Subject to State Tender Law		558	1.119	1.677	4.628	815	5.443
1.1.2. Guarantees given for foreign trade operations		457	97.149	97.606	473	44.276	44.749
1.1.3. Other letters of guarantee		1.715	31.169	32.884	733	13.578	14.311
1.2. Bank acceptances		-	-	-	-	-	-
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	107.455	107.455	-	111.109	111.109
1.3.1. Documentary letters of credit		-	1.121	1.121	-	670	670
1.3.2. Other letters of credit		-	106.334	106.334	-	110.439	110.439
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	39.002	39.002	-	90.041	90.041
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.1.2)	1.019	-	1.019	968	-	968
2.1. Irrevocable commitments		1.019	-	1.019	968	-	968
2.1.1. Asset purchase commitments		-	-	-	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1.019	-	1.019	968	-	968
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		-	-	-	-	-	-
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	-	83.058	83.058	-	13.497	13.497
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		-	83.058	83.058	-	13.497	13.497
3.2.1. Forward foreign currency purchases/sales		-	-	-	-	-	-
3.2.1.1. Forward foreign currency purchases		-	-	-	-	-	-
3.2.1.2. Forward foreign currency sales		-	-	-	-	-	-
3.2.2. Currency and interest rate swaps		-	83.058	83.058	-	13.497	13.497
3.2.2.1. Currency swaps-purchases		-	931	931	-	6.782	6.782
3.2.2.2. Currency swaps-sales		-	929	929	-	6.715	6.715
3.2.2.3. Interest rate swaps-purchases		-	40.599	40.599	-	-	-
3.2.2.4. Interest rate swaps-sales		-	40.599	40.599	-	-	-
3.2.3. Currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Currency call options		-	-	-	-	-	-
3.2.3.2. Currency put options		-	-	-	-	-	-
3.2.3.3. Interest rate call options		-	-	-	-	-	-
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	-	-	-
3.2.4.1. Currency futures-purchases		-	-	-	-	-	-
3.2.4.2. Currency futures-sales		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		-	-	-	-	-	-
B. ITEMS HELD IN CUSTODY AND PLEDGED (IV+V+VI)		15.607	93.234	108.841	15.175	21.062	36.237
IV. ITEMS HELD IN CUSTODY		13.527	633	14.160	12.830	2.058	14.888
4.1. Customers' securities held		-	-	-	-	-	-
4.2. Investment securities held in custody		7.435	-	7.435	8.764	-	8.764
4.3. Checks received for collection		5.850	142	5.992	3.840	91	3.931
4.4. Commercial notes received for collection		242	491	733	226	1.967	2.193
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received through public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		2.080	92.601	94.681	2.345	19.004	21.349
5.1. Securities		-	70.655	70.655	-	-	-
5.2. Guarantee notes		2.038	20.284	22.322	2.154	17.425	19.579
5.3. Commodities		42	1.662	1.704	191	1.579	1.770
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		-	-	-	-	-	-
5.6. Other pledged items		-	-	-	-	-	-
5.7. Pledged items-depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS(A+B)		19.356	452.186	471.542	21.977	294.378	316.355

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

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Income Statement For The Year Ended 31 December 2006

(Thousands of YTL-New Turkish Lira)

INCOME and EXPENSES		Amounts are expressed in thousands of YTL		
		Footnotes	CURRENT PERIOD (31/12/2006)	PREVIOUS PERIOD (31/12/2005)
I.	INTEREST INCOME	(5.IV.1)	32.038	24.948
1.1	Interest on Loans		9.785	8.730
1.2	Interest Received From Reserve Requirements with the Central Bank of Turkey		493	262
1.3	Interest Received From Banks		1.549	659
1.4	Interest Received From Money Market Transactions		5	121
1.5	Interest Received From Marketable Securities Portfolio		20.205	15.175
1.5.1	Trading Financial Assets		11.319	5.980
1.5.2	Financial Assets at Fair Value Through Profit/Loss		-	-
1.5.3	Available-for-Sale Financial Assets		-	-
1.5.4	Held-to-Maturity Investments		8.886	9.195
1.6	Interest Received From Financial Lease Receivables		-	-
1.7	Other Interest Income		1	1
II.	INTEREST EXPENSE	(5.IV.2)	17.946	8.889
2.1	Interest on Deposits		3.605	1.389
2.3	Interests on Funds Borrowed		9.294	5.839
2.4	Interest on Money market Transactions		4.602	1.539
2.5	Interest on Securities Issued		-	-
2.6	Other Interest Expenses		445	122
III.	NET INTEREST INCOME (I-II)		14.092	16.059
IV.	NET FEES AND COMMISSION INCOME		6.460	7.491
4.1	Fees and Commissions Received		6.688	7.661
4.1.1	Cash Loans		119	27
4.1.2	Non-Cash Loans		1.957	1.605
4.1.3	Other		4.612	6.029
4.2	Fees and Commissions Paid		228	170
4.2.1	Cash Loans		-	-
4.2.2	Non-Cash Loans		2	2
4.2.3	Other		226	168
V.	DIVIDEND INCOME	(5.IV.3)	4.050	3.540
VI.	TRADING GAIN/LOSS	(5.IV.4)	175	2.401
6.1	Trading Gains or Losses on Securities (Net)		1.035	188
6.2	Foreign Exchange Gains or Losses		(860)	2.213
VII.	OTHER OPERATING INCOME	(5.IV.5)	5.161	729
VIII.	OPERATING INCOME (III+IV+V+VI+VII)		29.938	30.219
IX.	PROVISIONS FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5.IV.6)	1.659	2.727
X.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	22.131	21.906
XI.	NET OPERATING INCOME/ LOSS (VIII-IX-X)		6.148	5.586
XII.	EXCESS REVENUE AFTER ACQUISITION		-	-
XIII.	PROFIT/LOSS FROM ASSOCIATES UNDER EQUITY METHOD		-	-
XIV.	INCOME/ LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXATION (XI+XII+XIII+IV)	(5.IV.8)	6.148	5.586
XVI.	PROVISION FOR INCOME TAXES (±)	(5.IV.9)	(1.142)	(766)
16.1	Current Tax Provision		(751)	(1.167)
16.2	Deferred Tax Provision		(391)	401
XVII.	OPERATING INCOME/LOSS AFTER TAXES	(5.IV.10)	5.006	4.821
17.1	From Discontinued Operations		-	-
17.2	Other		5.006	4.821
XVIII.	NET INCOME/ LOSS (XV ± XVI)	(5.IV.11)	5.006	4.821
18.1	Income/Loss of Group		5.006	4.821
18.2	Income/Loss of Minority Rights		-	-
	Earnings/Loss per share in YTL full		0,0012210	0,0011759

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

ARAP TÜRK BANKASI A.Ş.

Statement of Changes In Shareholders' Equity As of 31 December 2006

(Thousands of YTL-New Turkish Lira)

THOUSANDS OF NEW TURKISH LIRA (YTL)

Footnotes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Net Profit/Loss	Prior Period Net Profit/Loss	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Shareholders' Equity	
														Minority Interest	Total Shareholders' Equity
	29.000	39.004	-	-	498	-	-	-	6.025	1.982	-	-	-	76.509	76.509
I. PREVIOUS PERIOD (31/12/2005)															
II. BALANCES AT BEGINNING OF PERIOD															
2.1. Effect of Corrections	-	-	-	-	-	-	-	-	-	352	-	-	-	352	352
2.2. Effect of changes in accounting Policies	-	-	-	-	-	-	-	-	-	352	-	-	-	352	352
III. ADJUSTMENTS TO BALANCES AT BEGINNING OF THE PERIOD (I+II)															
IV. BALANCES AT END OF PERIOD (I+III)	29.000	39.004	-	-	498	-	-	-	6.025	1.982	-	-	-	76.509	76.509
V. CHANGES DURING THE PERIOD															
VI. MERGERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. "AVAILABLE-FOR-SALE" SECURITIES HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1. Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2. Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. TRANSFERS FOR-SALE SECURITIES HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1. Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2. Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. CURRENT PERIOD NET PROFIT	-	-	-	-	-	-	-	-	4.821	5.742	-	-	-	4.821	4.821
X. PROFIT DISTRIBUTION	-	-	-	-	283	-	-	-	(6.025)	(283)	-	-	-	-	-
10.1. Dividends	-	-	-	-	283	-	-	-	(6.025)	(283)	-	-	-	-	-
10.2. Transferred to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. CAPITAL INCREASE	12.000	(6.000)	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1. Cash	12.000	(6.000)	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Revaluation Surplus on Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3. Bonus Shares of Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4. Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5. Capital Reserves From Initiation	6.000	(6.000)	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6. Adjustments To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7. Issuance of Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8. Foreign Exchange Differences	6.000	-	-	-	-	-	-	-	-	(6.000)	-	-	-	-	-
11.9. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. CHANGES RESULTED FROM DISPOSAL OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. CHANGES RESULTED FROM RECLASSIFICATION OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. PRIMARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. SECONDARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. OTHERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. BALANCES AT END OF PERIOD (III+IV+V+...+XVI+XVII)	41.000	33.004	-	-	781	-	-	-	4.821	2.076	-	-	-	81.682	81.682
XVIII. CURRENT PERIOD (31/12/2006)															
XIX. BALANCES AT BEGINNING OF PERIOD	41.000	33.004	-	-	781	-	-	-	4.821	2.076	-	-	-	81.682	81.682
II. CHANGES DURING THE PERIOD															
III. "AVAILABLE-FOR-SALE" SECURITIES HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1. Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2. Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1. Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2. Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1. "AVAILABLE-FOR-SALE" SECURITIES HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1. Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2. Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. CURRENT PERIOD NET PROFIT	-	-	-	-	-	-	-	-	5.006	4.617	-	-	-	5.006	5.006
VIII.1. Dividends	-	-	-	-	204	-	-	-	(4.821)	-	-	-	-	-	-
VIII.2. Transferred to Reserves	-	-	-	-	204	-	-	-	(4.821)	4.617	-	-	-	-	-
VIII.3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. CAPITAL INCREASE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.1. Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2. Revaluation Surplus on Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3. Bonus Shares of Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4. Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5. Capital Reserves From Initiation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6. Adjustments To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7. Issuance of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.9. Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. CHANGES RESULTED FROM DISPOSAL OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. CHANGES RESULTED FROM RECLASSIFICATION OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. PRIMARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. SECONDARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. OTHERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. BALANCES AT END OF PERIOD (III+IV+V+...+XIV+XV)	41.000	33.004	-	-	985	-	-	-	5.006	6.693	-	-	-	86.688	86.688

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

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Statement of Cash Flow For The Year Ended At 31 December 2006

(Thousands of YTL-New Turkish Lira)

	THOUSANDS OF NEW TURKISH LIRAS	
	Footnotes	
	(31/12/2006)	(31/12/2005)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	4.491	7.578
1.1.1 Interests Received	30.230	26.256
1.1.2 Interest Paid	(17.580)	(8.893)
1.1.3 Dividend Received	51	40
1.1.4 Fees and Commissions Received	7.166	7.661
1.1.5 Other Income	7.246	3.038
1.1.6 Collections From Previously Written-off Loans and Other Receivables	564	528
1.1.7 Payments to Personnel and Service Suppliers	(11.311)	(13.737)
1.1.8 Taxes Paid	(1.191)	(1.225)
1.1.9 Others	(10.684)	(6.090)
1.2 Changes in Operating Assets and Liabilities	(6.980)	(58.582)
1.2.1 Net (Increase) Decrease in Financial Assets Held For Trading	13.069	(67.963)
1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss	(6)	-
1.2.3 Net (Increase) Decrease in Due From Banks and Other Financial Institutions	12	524
1.2.4 Net (Increase) Decrease in Loans	(18.878)	(16.245)
1.2.5 Net (Increase) Decrease in Other Assets	178	678
1.2.6 Net (Increase) Decrease in Bank Deposits	21.766	25.996
1.2.7 Net (Increase) Decrease in Other Deposits	(358)	(261)
1.2.8 Net (Increase) Decrease in Funds Borrowed	(27.270)	555
1.2.9 Net (Increase) Decrease in Matured Payables	-	-
1.2.10 Net (Increase) Decrease in Other Liabilities	4.507	(1.866)
I. Net Cash Flow From Banking Operations	(2.489)	(51.004)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Flow From Investing Activities	3.335	60.386
2.1 Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures	-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures	-	-
2.3 Purchases of Tangible Assets	(280)	(575)
2.4 Sales of Tangible Assets	277	513
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale	(39)	-
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale	-	-
2.7 Cash Paid For Purchase of Investments Held-to-Maturity	(20.451)	(29.103)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity	23.828	89.551
2.9 Others	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Flows From Financing Activities	(3)	(25)
3.1 Cash Obtained From Funds Borrowed and Securities Issued	-	-
3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Equity Instruments Issued	-	-
3.4 Dividends Paid	-	-
3.5 Payments For Financial Leases	(3)	(25)
3.6 Others	-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents	-	-
V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)	843	9.357
VI. Cash and Cash Equivalents at Beginning of Period	(6-I-1)	20.922
VII. Cash and Cash Equivalents at the End of Period	(6-I-1)	21.765

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

ARAP TÜRK BANKASI A.Ş.**Statement of Profit Distribution For The Year Ended At 31 December 2006**

(Thousands of YTL-New Turkish Lira)

THOUSANDS OF NEW TURKISH LIRAS
CURRENT PERIOD PREVIOUS PERIOD
(31/12/2006) (31/12/2005)

I. DISTRIBUTION OF CURRENT YEAR INCOME

1.1	CURRENT YEAR INCOME	6.148	5.177
1.2	TAXES AND DUTIES PAYABLE	1.142	1.123
1.2.1	Corporate Tax (Income tax)	751	1.123
1.2.2	Income withholding tax	391	-
1.2.3	Other taxes and duties	-	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	5.006	4.054
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	250	204
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	4.756	3.850
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-

II. DISTRIBUTION OF RESERVES

2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-

III. EARNINGS PER SHARE

3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.000116	0.0000939
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

IV. DIVIDEND PER SHARE

4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION THREE ACCOUNTING POLICIES

I. Explanations for basis of presentation and footnotes

Preparation of financial statements and related information and footnotes in compliance with the Turkish Accounting Standards and The Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The unconsolidated financial statements are prepared; in accordance with the The Regulation on Accounting Applications for Banks and Safeguarding of Documents ("Regulation") related to Turkish Banking Law No 5411 published on the Official Gazette no.26333 dated 1 November 2006; in accordance with accounting and financial reporting standards described in regulations, communiques and other explanations published by the Banking Regulation and Supervision Agency (BRSA), Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances (collectively referred to as "Reporting Standards"). The Bank maintains their books of account in New Turkish Lira (YTL) in compliance with Bank's Act, Turkish Commercial Law and Turkish tax regulation.

Financial statements are prepared in YTL based on historical costs excluding financial assets and liabilities that are shown at their fair values.

Disclosures for the first-time adoption of Reporting Standards

The financial statements in compliance with the Reporting Standards is first adopted by the Bank as of 31 December 2006 due to Regulation. According to "Turkish Financial Reporting Standard Related To The First Time Adoption of Turkish Financial Reporting Standards" ("TFRS 1") the date of transition to TAS is January 1, 2005; therefore adjustments stated below are applied on financial statements dated 31 December 2005 and 1 January 2005 in comparison with the financial statements of 31 December 2006. In this context reflecting the effects of differences resulted by Reporting Standards on 31 December 2005; the opening balance sheet dated 1 January 2005 has been restated under the accounts "Shareholder's Equity" and "Profit and Loss of Prior Years".

a. The reconciliation of profit reported in the last annual financial statements before the transition of Reporting Standards and the profit reported in accordance with the Reporting Standard is as follows:

	31 December 2005
Net Profit Before Reporting Standards Applications	4.455
Provisions Regarding Employee Rights	(80)
Letter of guarantees and letter of credits commissions	490
Effect of Deferred Tax	(44)
Total Effect on Profit Before Reporting Standards Applications	366
Period Profit After TAS Applications	4.821

b. The reconciliation of Shareholder's Equity reported according to accounting principles before the transition of Reporting Standards and the Shareholder's Equity reported according to Reporting Standards:

	31 December 2005	1 January 2005
Shareholder's Equity Amount Before Reporting Standards Applications	80.964	76.509
Provisions Regarding Employee Rights	265	345
Letter of guarantees and letter of credits commissions	647	157
Effect of Deferred Tax	(194)	(150)
Total Effect on Shareholder's Equity Before Reporting Standards Applications	718	352
Shareholder's Equity After Reporting Standards Applications	81.682	76.861

c. Reorganization of financial statements in compliance with current purchasing power of money:

The accompanying unconsolidated financial statements have been adjusted in compliance with the "Turkish Accounting Standards On Financial Reporting In High-Inflationary Economies" ("TAS 29") through on to the date 31 December 2004. In BRSA's Circular no.BDDK.DZM.2/13/d-5 on 28 April 2005, it was stated that as of January 2005, the majority of the criterias confirming the existence of a hyperinflationary economy are not valid anymore. Accordingly, the inflation accounting had been ceased beginning from 1 January 2005.

d. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

II. Information on strategy for the use of financial instruments and foreign currency transactions

The Bank's primary operation is banking activities including retail banking, institutional banking and security transactions (treasury transactions) together with international banking services. The Bank is collecting deposits as for main funding resources and investing these resources in qualified financial assets. Other than deposits; the Bank's most important funding resources are Shareholder's Equity and funds borrowed from international financial institutions. The evaluation of the risk and the return and the balance between placements on various financial assets and the utilization of resources is accomplished through an effective assets and liability management strategy.

The activities done with foreign currency is recorded in accordance with Communiqué No:21 "Effects of Exchange Rate Changes" under the Turkish Accounting Standards. Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions ended as of 31 December 2006 are translated into YTL over the effective exchange rate and is recorded accordingly. At the end of the related periods, foreign currency assets and liability balances outstanding is translated into YTL over the the bank's exchange rates prevailing as of the period end and the resulting exchange rate differences are recorded as foreign exchange gains and losses. The bank's related exchange rates as of the period end are as follows:

	<u>31 December 2006</u>	<u>31 December 2005</u>
US Dollars	YTL 1.4131	YTL 1.3430
Euro	YTL 1.8586	YTL 1.5904

III. Information on Subsidiaries and Associates

The Bank does not have any subsidiary as of 31 December 2006 and 2005.

Associates are enterprises that are controlled by the Bank. The accounting of associates in unconsolidated financial statements is recorded in compliance with "Financial Instruments: Turkish Accounting Standard on Accounting and Measurement" ("TAS 39"). Associates that do not have quoted market prices and that their market values can not be determined reliably; are reflected on the financial statements less provision for their impairment.

IV. Information on forward transactions, options and derivative instruments

The Bank's financial derivatives are classified as "Trading purpose" in accordance with TAS 39.

Liabilities and receivables originated from derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Fair Values of Financial Assets through Profit or Loss" and "Liabilities of Financial Derivatives for Trading" items of the balance sheet depending on the resulting positive or the negative amounts after measurement of contractual value. Gains and losses arising from a change in fair value of after the evaluation is reflected on the financial statements over financial derivatives for trading. The fair value of the financial derivatives are calculated on the basis of the current or reduced cash flow model.

The bank does not have any embedded financial derivatives.

V. Information on interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method.

In accordance with the related regulation, the accrued interest income on non-performing loans are reversed and subsequently recognised as interest income only when collected.

VI. Information on fees and commission

Commission income and fees and expenses for various banking services are recognized as income when collected, all other commission income and expense items are accounted on accrual basis of accounting.

VII. Information on financial assets

Financial assets classified and accounted under "Financial Assets through Profit or Loss", "Financial Assets Available-for-Sale", "Loans and receivables" or "Financial Assets Held to Maturity". The purchase and sale transactions of the financial assets aforementioned are recognized and derecognized in the financial statements on the basis of "Settlement Date" accounting.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

a. Financial Assets through Profit or Loss:

This class has two sub accounts: "Financial Assets Held for Trading Purposes" and those recorded as "Financial Assets that are classified as financial assets through profit or loss" at their initial recognition.

Financial Assets Held for Trading are part of a portfolio aiming to gain profits in short periods over the fluctuations of price in the market independent of the intention of reason of acquisition.

The purchase and sale transactions of financial assets for trading are recognized and derognized from records according to their "Settlement Date"accounting. The financial assets held for trading are initially recognized at cost which includes transaction costs. Subsequent to the initial recognition Financial Assets Held for Trading are measured at their fair value. The gains and losses arising from the change in fair value are recognized in the income statement. The interest income acquired from Financial Assets Held for trading is recorded in the interest income and share profit is recorded in the dividends account.

Financial derivative instruments are classified as financial assets held for trading unless they are stated as for hedging purposes. The information on the accounting of financial derivatives can be found on footnote IV of Section Three.

The Bank does not have any financial assets classified as fair value of financial assets through profit or loss.

b. Financial Assets Available-for-Sale:

Financial Assets Available for Sale are financial assets other than those classified as "Loans and Receivables", "Financial Assets Held to Maturity" and "Financial Assets through Profit or Loss".

Debt securities classified as financial assets available-for-sale are measured at their fair values subsequently. Accrued interest income on financial assets available for sale are recognized in the income statement whereas gains and losses arising from the change in the fair values such securities are reflected in the equity "Securities Value Increase Fund". When financial assets available for sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity is transferred to the income statement.

Financial assets available for sale traded in an active market and whose fair values can be reliably measured are valued at market price. However those securities not traded in an active market and whose fair values cannot be reliably measured are reflected at cost net of impairment at financial statements.

c. Loans and Recievables

Loan and receivables are financial assets raised by the Bank providing money, commodity and services to debtors. Loans and receivables are recorded at cost and valued subsequently using discounting method with internal rate of return. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to related expense accounts

Based on the reviews and estimates of the Bank management, loans that are identified as being impaired are reclassified as non-performing loans under follow up accounts. Thereby, specific allowances are made against the carrying amounts of these loans in accordance with the "Regulation on Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette No: 26333 dated 1 November 2006. Specific provisions are recognized in the year's unconsolidated income statement. When collections are made on loans that have been provided for, they are credited to the income statement accounts "Provision for Loan Losses or Other Receivables" if the provision was made in the current year otherwise such collections are credited to "Other Operating Income" account with respect to allowances made in the prior years. Non-performing loans which are not possible to be collected are written off after legal follow-ups completed

d. Financial Assets Held to Maturity:

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding "Loans and receivables". The financial assets held to maturity are recorded at their acquisition cost at their initial recognition and valued using discounting method with internal rate of return after deducting impairments, if any. Interest earned on financial asstes held-to-maturity are recognized as interest income on the unconsolidated income statement.

There are no financial assets that are banned from being classified as investment securities held-to maturity for two years due to the violation of the tainting rule.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

VIII. Information on impairment of Financial Assets

For impairment of the financial assets a provision is recorded for impairment and the provision is associated with the expense accounts if the expected future cash flows of financial asset are discounted by using the "Effective interest (internal efficiency) rate method" or (if any) the amount that is recorded by the market price is lower than the carrying value the financial assets.

It is accepted there is an impairment, for impairment of the financial assets a provision is recorded for impairment and the provision is associated with the expense accounts.

IX. Information on the netting-off financial instruments

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

X. Information on sale and repurchase agreements and lending of financial assets

Repurchase (repo) and resale (reverse repo) agreements of financial assets are followed at the balance sheet accounts. Financial assets which are sold to customers under repurchase agreements, are classified according to initial classification and are measured in accordance with the accounting policy of the related portfolio. In the accompanying financial statements the financial assets sold under repurchase agreements are classified at "Financial Assets Held for Trading" account and the measurement is based on fair value. These transactions include government bonds only.

Funds obtained by repurchase agreements are classified under "Funds provided under repurchase agreements" account in the liabilities. The interest expense accruals are calculated by means of effective interest method over the difference resulting from repurchase and sale prices for the relevant period.

Securities subject to repurchase (reverse repo) agreements are reflected under "Receivables from Repurchase Agreements". The difference between the purchase and sale price which is related with the period is recalculated with the effective interest rate method for accrued interest income.

The Bank does not have any financial assets that is subject to lending.

XI. Information on assets held for resale and discontinued operations

The Bank does not have any discontinued operations.

Assets held for resale are comprised of tangible assets acquired because of non performing loans and is reflected in the unconsolidated financial statements in accordance with the "Regulation On The Disposals of The Commodities and Properties Acquired Due to Liabilities and The Purchase and Sale of Metals by Banks" dated 1 November 2006 and published on the Official Gazete No.26333.

XII. Information on goodwill and other intangible assets

There is no goodwill in the accompanying unconsolidated financial statements related to the acquisition of an associate

The intangible assets are initially recognized at cost including the direct costs attributable to the asset. Subsequently reflected at cost less accumulated amortization and impairment losses.

Softwares classified as other intangible fixed assets are reflected at restated costs for the effects of inflation in YTL units current at the 31 December 2004. The useful life of softwares is determined as 5 years. The subsequent expenditures incurred related to the software being used are capitalized, if they develop the original content or increase the useful life of such software otherwise they are expensed. Such costs capitalized are amortized on a straight line basis through the remaining useful life of the software.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

XIII. Tangible assets

Tangible assets are reflected at their restated cost for the effects of inflation in YTL units current at the 31 December 2004 less accumulated depreciation and the impairment losses, if any.

The depreciation of tangible assets is computed using the straight-line method. The depreciation rates used approximate the rates of the useful lives of the tangible assets are as follows:

	%
Buildings	2
Motor Vehicles	20
Furniture, Fixture and Office Equipment	2 - 20
Leasehold Improvements	Leasing Period (2 to 10 years)

In case, the cost amount of the related tangible asset is lower than the "Net realisable value" the value of asset is decreased to its "Net realisable value" and the provision for impairment is reflect to the related expense accounts.

Gains and losses resulting from the sale of tangible assets is the difference between the sales amount and net book amount and recorded into the account "Profit/Loss from Sale of Assets" to be reflected under the "Other Operating Income/Expense" in the financial tables.

Expenditures for maintenance and repairs that are routinely made on tangible assets are charged as expense. Expenditures that extend the capacity of the tangible assets or those that extend the useful life and service capacity of the assets are capitalized.

There are no restrictions such as pledges and mortgages on tangible assets or any purchase commitments.

There are no purchase commitments related to the tangible fixed assets.

There are no expected changes in the accounting estimates related with property and equipment, which could have a significant impact on the current and future periods.

XIV. Information on Leasing activities

Leased assets acquired through financial leases are initially recognized with, the lower of the fair value of the leased asset and the present value of leasing payments. These leased assets are depreciated according to their useful lives and classified tangible assets. In cases where leased assets are impaired provisions for impairment are reflected.. The obligations under financial leases arising from lease contracts are presented in "Financial Lease Payables" accounts in the balance sheet. Interest and exchange rate expenses related to financial leasing are recognized in the income statement. The Bank does not have any financial lease contracts as a "Lessor".

Operational leases are accounted on the basis of contract clauses and accruals.

XV. Information on provisions and contingent liabilities

Provisions and contingent liabilities are provided for in accordance with the Communiqué No:37 "Provisions, Contingent Liabilities and Contingent Assets" of Turkish Accounting Standards, except for the general and specific provisions set aside for the loans and other receivables.

Provisions are reflected to the accounting records under the situations that there is a legal or structural liability as of the date of the balance sheet, there is a possibility to fulfill the disposal of economically beneficial resources and the amount of the liability can be determined.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation.

XVI. Contingent assets

Contingent assets are usually comprised of unplanned and other unexpected events that incurs the possibility of the flow of economical benefits into the enterprise. Due to the reason that recognition of contingent assets in the financial statements might lead to the recognition of an income that can never be realized; the assets are not reflected in the unconsolidated financial statements. Contingent assets are disclosed in the footnotes of the financial statements only if the recognition of economical benefits to the enterprise is possible. In order to ensure the appropriate presentation in the unconsolidated financial statements the contingent assets are reviewed at each balance sheet date. In case the inflow of the economical benefits into the Bank is highly realisable and the amount of the benefit can be reliably measured the contingent asset and the related economic benefit is reflected on the unconsolidated financial statements.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

XVII. Information on liabilities regarding employee rights

Liabilities regarding severance pays and vacations are accounted in compliance with the “Turkish Accounting Standard on Employee Benefits” (“TAS 19”), in the accompanying unconsolidated financial statements.

In accordance with existing legislation in Turkey, the banks have to make certain lump-sum payments to employees whose employment is terminated due to retirement or reasons other than resignation or misconduct. The provision for severance pay is calculated and reflected on the financial statements by the net value of the possible future liability amount as of today considering the situations of retirement in compliance with the Turkish Labor Law, termination of employment after at least one year of service, leaving due to military obligations and mortality.

XVIII. Information on tax applications

Current tax:

The Bank is subject to tax laws and legislation effective in Turkey.

The corporation tax rate effective in Turkey for the fiscal year ended 31 December, 2005 is 30%. The corporation tax rate is announced to be 20% beginning on January 1, 2006. Tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2005 - 30%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. Tax declarations and related accounting entries can be investigated by tax authorities up to previous five years.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Dividend payments to individuals and institutions other than these are subject 15% withholding tax. The addition of profit to capital is not counted as a dividend payment and therefore is not subject to withholding tax.

The 75% of the profit incurring from the sale of affiliate shares that have been held at least for two years are subject to tax exemption on condition and properties that such amount is added to the capital in compliance with the Corporate Tax Law or is held in Shareholder's Equity for 5 years.

Deferred taxes:

According to the Turkish Accounting Standard 12 (TAS 12) “Income Taxes”; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances used for taxation purposes.

Deferred tax liabilities are calculated for all taxable temporary differences. Deferred tax assets arising from deductible temporary differences are calculated provided that it is a high probability that taxable profit can be obtained.

Deferred tax asset and liabilities are shown in the accompanying unconsolidate financial statements on a net basis.

XIX. Additional information on borrowings

Except for financial liabilities that are classified as held for trading and reflected with fair values, all other financial liabilities are initially recognized at cost including transaction costs and remeasured at “amortized cost” using the “effective interest rate” method.

The Bank did not issue stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself

XX. Information on share issuances

None.

XXI. Information on bills of exchanges and acceptances

Acceptances are realized simultaneously with the payment dates of the clients and they are presented as commitments in “Off-balance Sheet” accounts.

There are no acceptances presented as liabilities against any assets.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

XXII. Information on government incentives

There are no government incentives utilized by the Bank as of 31 December 2006 and 2005.

XXIII. Profit reserves and profit distribution

In the legal financial statements; accumulated profits excluding legal reserves are available for distribution provided that they are dependent on the below stated legal reserve clause.

The Legal reserves are consist of first and second reserves, in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the profits at the rate of 5% until the total reserve reaches a maximum of 20% of the Bank's paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of the 5% of the Company's share capital, however holding companies are not subject to this application

First and second legal reserves can not be available for distribution unless they exceed 50% of the paid-in capital, but may be used to absorb losses in the event that general reserve is exhausted.

XXIV. Earnings per share

The earning per share stated in the income statement is calculated by dividing net profit by the weighted average number of the shares during the current year.

	Current Period 31 December 2006	Prior Period 31 December 2005
Profit Distributable to the Ordinary Shareholders	5.006	4.821
Weighted Average Number of The Ordinary Shares Issued (In Thousands)	4.100.000	4.100.000
Earning per Share (Full YTL)	0.00122	0.00117

XXV. Related parties

For the purpose of accompanying financial statements, shareholders, high level management, the members of the board, in each case together with companies controlled by or affiliated by them associated and jointly controlled entities are considered as Related Parties in compliance with "Declaration of Related Party Standard" ("TAS 24").

XXVI. Cash and cash equivalents

Subject to the preparation of cash flow statements "Cash" refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; "Cash equivalent" refers to money market placements time deposits at banks, and investments in financial securities which has original maturity less than three months.

XXVII. Classifications

There are no other classification activities done on the financial statements of 31 December 2005 except than the adjustments explained in footnote I-b of Section Three.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION FOUR INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. Information on capital adequacy ratio

1) The Bank's capital adequacy ratio is 35,23% (31 December 2005: 34,89%) and this is significantly higher than the rate required in the regulation.

2) The risk measurement methods used in the determination of the capital adequacy ratio:

Bank's interest rate risk is calculated and analyzed in consideration with the different by the Risk Management Department,

The interest rate risk and currency risk are measured under the scope of the market risk calculated in accordance with the Standard Methods and is included in the capital adequacy ratio calculation.

Using the VaR (Value at Risk) method the effect of changes in risk factors on Bank portfolio is calculated on a daily basis. The method is tested with a retrospective testing method.

For the analysis of the effect of interest fluctuations out of the estimations on the Bank, stress test analysis are made on a monthly basis.

In addition, various scenario analysis are performed based on possible interest rate estimations and and changing expectations of exchange rates.

The interest rate and exchange rate sensitivity of assets, liabilities and off-balance sheets is measured by sensitivity analysis on the level of maturity done on a monthly basis.

The Board of Directors has determined limits in order to restrain interest rate risk by means of the VaR results.

Information on capital adequacy standard ratio:

	Weighted Risk Bank			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet items (Net)	82.006	31.550	3.895	159.649
Cash	980	5	-	-
Due from banks	-	-	-	-
Central Bank of Turkey	6.636	-	-	-
Domestic, Foreign Banks and Foreign Headquarter, subsidiaries	-	13.844	-	305
Interbank Money Market	-	-	-	-
Receivables from Reverse Repos	-	-	-	-
Special Purpose Financial Inst	17.287	-	-	-
Loans	-	784	3.836	100.101
Loans under follow-up (Net)	-	-	-	-
Financial lease receivables	-	-	-	-
Securities Available for Sale	-	-	-	925
Securities Held to Maturity	53.854	16.553	-	9.480
Receivables from sale of assets	-	-	-	-
Miscellaneous receivables	-	-	-	190
Interest and income accruals	1.562	364	59	1.629
Investments in Associates and Subs.	-	-	-	24.455
Tangible Assets (Net)	-	-	-	21.308
Other Assets	1.687	-	-	1.256
Off balance sheet items	20.658	110.568	46.032	17.500
Guarantees and pledges	20.658	108.135	46.032	17.500
Transactions related with derivative financial instruments	-	2.433	-	-
Not risk weighted accounts	-	-	-	-
Total risk weighted assets	102.664	142.118	49.927	177.149

Summary information on capital adequacy standard ratio:

	Current Period	Prior Period (*)
Amount Subject to Loan Risk (I)	230.536	210.975
Amount Subject to Market Risk (II)	23.513	39.963
Shareholders' Equity	89.513	87.551
Shareholders' Equity/(I+II)*100	35.23	34.89

(*) As stated in Section Three includes the adjustments done on amounts related to 31 December 2005 according to the Reporting Standards.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Information on Shareholder's Equity

CORE CAPITAL	Current Period	Prior Period (*)
Paid-in Capital	41.000	41.000
Nominal capital	41.000	41.000
Capital Commitments (-)	-	-
Adjustment to paid-in capital	33.004	33.004
Share Premium	-	-
Share Cancellation profit	-	-
Legal reserves	985	781
First legal reserve (Turkish Commercial Code 466/1)	985	781
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	-	-
Reserves allocated by the General Assembly	-	-
Retained earnings	-	-
Accumulated loss	-	-
Exchange rate differences on foreign currency capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	11.699	6.897
Current period profit	5.006	4.821
Prior period profit	6.693	2.076
Unrestricted provisions up to 25% of the main capital that are held for possible risks	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	-	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	-	27
Prepaid Expenses (-)	197	154
Intangible Assets (-)	357	442
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	86.134	81.059
SUPPLEMENTARY CAPITAL		
General Provisions	1.221	1.002
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-	-
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	2.938	6.285
45% of Securities Value Increase Fund	-	-
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	-	-
Adjustment to Capital Reserves, Profit Reserves and prior years' P/L (excluding Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Supplementary Capital Total	4.159	7.287
TIER III CAPITAL		
CAPITAL	90.293	88.346
DEDUCTIONS FROM CAPITAL	780	795
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loans granted to Customers against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	780	795
Other	-	-
TOTAL SHAREHOLDER'S EQUITY	89.513	87.551

(*) As stated in Section Three includes the adjustments done on amounts related to 31 December 2005 according to the Reporting Standards.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

II. Information on Credit Risk

1. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals:

For credit risk analysis, cash and non-cash loans granted to a debtor or debtors' group is subject to a risk classification in proportion to the Bank's shareholders' equity. In addition the geographical regions and sectoral distribution is investigated periodically and distributions are revised according to the market conditions. The general and other periodical limits of a firm are renewed every year. And the extending of loans throughout the day are made with the mentioned limits.

Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis:

Limit assignments, controls over loan granting process, marketing strategies, matters related to the daily operations and pay-back process are determined in the Bank's credit procedures. Issues related to the daily based transactions (especially extending of cash loans) are managed in coordination by credit and treasury departments.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables:

Loans and other receivables, are being followed periodically as per the "Regulation On The Principals And Procedures Related To The Determination Of The Loans And Other Receivables For Which Provisions Shall Be Set Aside By Banks And To The Provisions To Be Set Aside". Financial statements of the debtors are examined as per the regulation, loan limits are being updated in parallel to the economic conditions under the authorization of the Credit Evaluation Committee and the Top Management. The Bank obtains sufficient guarantees for the loans and the other receivables. Firms that the Bank works with credit is composed of the top level firms of Turkey, therefore most of the collaterals taken are "firm signature or guarantee". Beside from this third party guarantees, furthermore mortgage, other bank guarantees, cash blockage, customer or personal checks are also obtained. The guarantees obtained are in parallel with the market conditions and other banks collateral conditions.

2. Information on the control limits of the Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions.

There are risk control limitations implemented against credit risk and market risk over forward transactions, options and similar contracts.

3. Information on whether the Group decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not.

The bank did not perform such kind of transaction in this period.

4. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight with non-performing loans or not

Indemnified non-cash loans are evaluated as having the same risk weight with non-performing loans. These loans are classified according to their commitments and are recorded in the follow-up accounts.

Information on whether the loans that are structured and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are taken for these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are structured and rescheduled are included in a new rating group as determined by bank's risk management system, other than the follow-up plan defined in the banking regulations. The Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk and periodical follow-up for these loans are performed.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

5. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities:

The bank has no banking activities abroad on the branch level. However in the loan giving processes to the foreign based firms the economic conditions of the country and the financial structure of the company in question is taken into consideration while determination on loans.

Evaluation of the Bank's competitive credit risk being an active participant of the international banking transactions market

The bank is not an active participant in the International Banking Transactions Market and do not possess an important risk concentration.

6. The Bank's

a) The share of the top 100 cash loan customers in total loan cash loans portfolio:

The share of the top 100 cash loan customers comprise 99,43% of the total cash loans portfolio of the Bank.

b) The share of the top 100 non-cash loan customers in total loan non-cash loans portfolio:

The share of the top 100 non-cash loan customers comprise 99,80% of the total non-cash loans portfolio of the bank.

c) The share of the total cash and non-cash loan balance of the top 100 loan customers in total assets and off-balance sheet items:

The Bank's total cash and non-cash loans from its top 100 loan customers comprise 15,58% of the total assets and off-balance sheet items.

7. The general provision amount provided by the Bank for credit risk

The general provision amount provided by Bank for the credit risk is YTL 1.221 (31 December 2005: YTL 1.002).

8. Information according to geographical concentration:

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	331.920	76.869	150.458	-	5.006
European Union Countries	816	1.471	2.433	-	-
OECD Countries*	6.878	366	-	-	-
Off-Shore Banking Regions	-	-	-	-	-
USA, Canada	54	1.288	-	-	-
Other Countries	8.695	204.783	125.733	-	-
Affiliates and jointly controlled subsidiaries	-	-	-	24.455	-
Unallocated Assets/Liabilities**	-	1.353	-	-	-
Total	348.363	286.130	278.624	24.455	5.006

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	337.218	60.023	152.324	-	4.821
European Union Countries	1.724	1.182	8.838	-	-
OECD Countries*	197	883	2.217	-	-
Off-Shore Banking Regions	-	-	-	-	-
USA, Canada	156	1.248	-	-	-
Other Countries	2.043	215.429	102.274	-	-
Affiliates and jointly controlled subsidiaries	-	-	-	20.456	-
Unallocated Assets/Liabilities**	-	1.347	-	-	-
Total	341.338	280.112	265.653	20.456	4.821

* OECD Countries excluding European countries, USA and Canada

** Assets and liabilities that can not be allocated in a consistent manner

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

9. Sector concentrations for cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	-	0,00	-	0,00	-	0,00	-	0,00
Farming and Raising Livestock	-	0,00	-	0,00	-	0,00	-	0,00
Forestry	-	0,00	-	0,00	-	0,00	-	0,00
Fishing	-	0,00	-	0,00	-	0,00	-	0,00
Manufacturing	-	0,00	-	0,00	-	0,00	-	0,00
Mining	-	0,00	-	0,00	-	0,00	-	0,00
Production	-	0,00	-	0,00	-	0,00	-	0,00
Electric, gas and water	-	0,00	-	0,00	-	0,00	-	0,00
Construction	3.200	4,15	3.002	10,35	3.621	6,08	5.777	20,90
Services	73.674	95,55	25.989	89,65	55.772	93,61	21.862	79,10
Wholesale and retail trade	13.621	17,67	18.277	63,05	8.748	14,68	18.120	65,56
Hotel, food and beverage Services	-	0,00	-	0,00	-	0,00	-	0,00
Transportation and Telecommunication	-	0,00	-	0,00	-	0,00	-	0,00
Financial institutions	60.053	77,88	7.712	26,60	47.024	78,93	3.742	13,54
Real estate and renting Services	-	0,00	-	0,00	-	0,00	-	0,00
Self-employment services	-	0,00	-	0,00	-	0,00	-	0,00
Education services	-	0,00	-	0,00	-	0,00	-	0,00
Health and social services	-	0,00	-	0,00	-	0,00	-	0,00
Other	231	0,30	-	0,00	186	0,31	-	0,00
Total	77.105	100,00	28.991	100,00	59.579	100,00	27.639	100,00

III. Information on Market Risk

Whether the group within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk:

The Bank's market risk is calculated on a monthly basis using the "Standard Method". Exchange rate risk, one of the market risks, is also calculated on a weekly basis.

Interest rate risks and exchange rate risks, factors of the market risks, are periodically analysed using different methods (ratio analysis, duration, Gap, sensitivity, etc.).

In addition, the effect of the changes in risk factors on Bank portfolio is calculated using VaR on a daily basis. With stress testing methods, the effect of extraordinary fluctuations of risk factors on the Bank is measured on a monthly basis and in case the necessity arises. Different scenarios based on changes in risk factors are measured with scenario analysis. All the analysis mentioned above are tested in a retrospective manner to ensure the reliability of the tests.

The Board of Directors has determined limits at the level of risk factors in order to restrain the market risk.

a) Information related to market risk

	Value
(I) Capital Obligation against General Market Risk - Standard Method	1.096
(II) Capital Obligation against Specific Risks - Standard Method	97
(III) Capital Obligation against Currency Risk - Standard Method	688
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	-
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	1.881
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	23.513

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

b) Information related to market risk calculated by the month ends of the current period

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	14.724	32.125	7.013	12.783	32.425	2.513
Common Share Risk	-	-	-	-	-	-
Currency Risk	10.790	15.288	7.463	9.944	13.538	7.938
Commodity Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Options Risk	-	-	-	-	-	-
Total Value at Risk	25.514	47.413	14.476	22.727	45.963	10.451

IV. Information on Foreign Currency Exchange Rate Risk

1. Whether the group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the board of directors of the bank sets limits for positions that are monitored daily:

The bank is not in a position to be exposed a significant exchange rate risk. The bank has a policy of holding its foreign currency position in a balance and does not take position for speculative reasons. The Bank has the possibility to borrow a significant amount of foreign currency.

Within the context of the market risk management work of the Risk Management Department, the Bank's Exchange rate risk is calculated and analysed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. Using the VaR method, the effect of the changes in risk factors are calculated on a daily basis. The method is tested in a retrospective manner. To test the effect of the exchange rate fluctuations on the Bank monthly based stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

The Board of Directors has not determined limits to restrain exchange rate risk.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using hedging derivatives:

The Bank does not have any financial derivatives used for hedging.

3. Foreign exchange risk management policy:

The Bank does not take any parity or exchange rate risk, transactions are being hedged according to the Central Bank of Turkey's basket of currencies instantly. Manageable and measurable risks are taken in the scope of the regulatory limits.

4. Foreign exchange buying rates of the last five business days before the balance sheet date as publicly announced by the Bank, are as follows:

USD Foreign Exchange Buying Rate as of balance sheet date	YTL 1.4131
EUR Foreign Exchange Buying Rate as of balance sheet date	YTL 1.8586

Date	US Dollars	EURO
25 December 2006	YTL 1.4186	YTL 1.8725
26 December 2006	YTL 1.4222	YTL 1.8686
27 December 2006	YTL 1.4198	YTL 1.8650
28 December 2006	YTL 1.4192	YTL 1.8668
29 December 2006	YTL 1.4131	YTL 1.8586

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

5. The basic arithmetical average of the bank's foreign exchange bid rate for the last thirty days:

The basic arithmetical average of the Bank's foreign exchange bid rate for December 2006 is YTL 1.4248 for USD and YTL 1.8818 for EUR.

Information on Currency Risk:

Current Period	Euro	US Dollars	JPY	Other	Total
Assets					
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	351	24.353	-	164	24.868
Due from Banks and Other Financial Institutions	416	6.687	2	623	7.728
Financial Assets through Profit or Loss	5.395	67.082	-	-	72.477
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	-	795	-	-	795
Loans*	16.315	40.311	-	-	56.626
Investments in Subsidiaries and Associates	-	-	-	-	-
Investment Securities Held-to-Maturity	14.371	49.221	-	-	63.592
Financial Derivatives (Assets)	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	253	240	-	-	493
Total Assets	37.101	188.689	2	787	226.579
Liabilities					
Bank Deposits	25.276	21.134	-	43	46.453
Foreign Currency Deposits	9.875	21.969	-	432	32.276
Interbank Money Markets	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	141.903	-	-	141.903
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	388	2.119	-	25	2.532
Financial Derivatives (Liabilities)	-	-	-	-	-
Other Liabilities	44	1.365	-	91	1.500
Total Liabilities	35.583	188.490		591	224.664
Balance Sheet Position, net	1.518	199	2	196	1.915
Balance Sheet Position, net	(929)	931	-	-	2
Financial Derivatives (Assets)	3.717	37.813	-	-	41.530
Financial Derivatives (Liabilities)	4.646	36.882	-	-	41.528
Non-Cash Loans	70.472	194.579	-	10.843	275.894
Prior Period					
Total Assets	39.301	199.192	2	433	238.928
Total Liabilities	46.229	191.139	-	540	237.908
Balance Sheet Position, net	(6.928)	8.053	2	(107)	1.020
Balance Sheet Position, net	6.782	(6.715)	-	-	67
Financial Derivatives (Assets)	6.782	-	-	-	6.782
Financial Derivatives (Liabilities)	-	6.715	-	-	6.715
Non-cash Loans	86.831	163.138	-	9.850	259.819

* Loan balance includes foreign currency indexed loans amounting to TRY 27,635 as of 31 December 2006.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

V. Information on interest rate risk

1. Interest rate sensitivity of the assets, liabilities and off-balance sheet:

Within the context of the market risk management of the Risk Management Department, the Bank's Exchange rate risk is calculated and analysed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. Using the VaR method, the effect of the changes in risk factors are calculated on a daily basis. The method in question is tested in a retrospective manner. To test the effect of the exchange rate fluctuations on the Bank monthly based stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

In addition, scenario analysis are performed based on possible interest rate estimations obtained by changing expectations of risk factors.

The sensitivity of assets, liabilities and off-balance sheets is measured by sensitivity analysis by using the maturity ladder prepared on a monthly basis.

2. The expected effects of the fluctuations of market interest rates on the group's financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates:

The Board of Director has determined limits in order to restrain interest rate risk by means of the VaR results.

3. The precautions taken for the interest rate risk the Group was exposed to during the current year and their expected effects on net income and shareholders' equity in the future periods:

Although the increase in interest rates have a limited negative effect on the Bank's financial position the Bank's Equity structure is able to confront the negative effects of possible fluctuations in the interest rates.

Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

Current Period	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 Year and Over	Non-Interest Bearing(*)	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	6.685	17.405	-	-	-	985	25.075
Due from banks and other financial institutions	14.149	-	-	-	12	-	14.161
Financial Assets through Profit or Loss	5.421	37.400	28.962	12.876	9.725	-	94.384
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	925	925
Loans	52.683	40.621	12.271	410	111	-	106.096
Investment securities held-to-maturity	-	34.990	-	10.590	36.054	-	81.634
Other assets	313	-	-	-	-	50,230	50.543
Total assets	79.251	130.416	41.233	23.876	45.902	52.140	372.818
Liabilities							
Bank deposits	58.478	-	-	-	-	-	58.478
Other deposits	5.404	4.027	2.656	2.365	-	19.088	33.540
Interbank money markets	40.593	-	-	-	-	-	40.593
Miscellaneous payables	-	-	-	-	-	2.562	2.562
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Instruments	-	142.956	-	278	-	-	143.234
Other liabilities	194	12	16	30	1	94.158	94.411
Total liabilities	104.669	146.995	2.672	2.673	1	115.808	372.818
Long Position in the Balance Sheet	-	-	38.561	21.203	45.901	-	105.665
Short Position in the Balance Sheet	(25.418)	(16.579)	-	-	-	(63.668)	(105.665)
Long Position in the Off-balance Sheet	2	20.816	19.783	-	-	-	40.601
Short Position in the Off-balance Sheet	-	-	-	-	-	(40.599)	(40.599)
Total Position	(25.416)	4.237	58.344	21.203	45.901	(104.267)	2

(*) Other Assets : Non-Interest Bearing column is composed of Associates amounting to YTL 24.455, Miscellaneous Receivables amounting to YTL 190, Tangible Assets amounting to YTL 20.613, Intangible Assets amounting to YTL 357, Deferred Tax Assets amounting to YTL 1.405, Assets Held for Resale amounting to YTL 1.475 and Other Assets amounting to YTL 1.735.

Other Liabilities : The amount of 94.158 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to 86.688, Provisions amounting to YTL 4.307, Tax, Duty and Premium Payable amounting to YTL 1.539 and Other Foreign Resources amounting to YTL 1.624.

ARAP TÜRK BANKASI A.Ş.**Unconsolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	6.686	17.745	-	-	-	1.523	25.954
Due from banks and other financial institutions	12.718	-	-	-	11	-	12.729
Financial assets through profit or loss	171	35.475	26.977	18.494	26.330	-	107.447
Interbank money market placements	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	886	886
Loans	40.608	41.847	4.120	522	121	-	87.218
Investment securities held-to-maturity	732	15.884	-	7.033	55.946	-	79.595
Other assets	791	-	-	-	-	47.174	47.965
Total assets	61.706	110.951	31.097	26.049	82.408	49.583	361.794
Liabilities							
Bank deposits	36,692	-	-	-	-	-	36,692
Other deposits	7,103	3,992	2,237	786	-	19,800	33,918
Interbank Money Markets	29,369	-	-	-	-	-	29,369
Miscellaneous payables	-	-	-	-	-	2,506	2,506
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Instruments	121,369	46,171	1,720	399	-	-	169,659
Other liabilities	166	-	-	-	-	89,484	89,650
Total Liabilities	194.699	50.163	3.957	1.185	-	111.790	361.794
Balance Sheet Long Position	-	60,788	27,140	24,864	82,408	-	195,200
Balance Sheet Short Position	(132,993)	-	-	-	-	(62,207)	(195,200)
Off Balance Sheet Long Position	67	-	-	-	-	-	67
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(132.926)	60.788	27.140	24.864	82.408	(62.207)	67

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

4. Average interest rates applied to monetary financial instruments: %

End of Current Period	EURO	USD	JPY	YTL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	2,52	-	13,12
Due from banks and other financial institutions	-	5,28	-	18,10
Financial assets through profit or loss	4,15	6,17	-	15,57
Money market placement	-	-	-	-
Investment securities available-for-sale	-	-	-	-
Loans	6,00	7,11	-	19,73
Investment securities held-to-maturity	7,65	6,68	-	21,63
Liabilities				
Interbank deposits	-	-	-	18,52
Other deposits	2,19	2,24	-	16,48
Borrowings from money market	-	-	-	18,01
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	-	5,60	-	15,00
End of Prior Period				
	EURO	USD	JPY	YTL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey,	-	2,03	-	10,25
Due from banks and other financial institutions	2,53	-	-	-
Financial Assets Through Profit or Loss	4,44	6,33	-	15,01
Money market placements	-	-	-	-
Investment securities available-for-sale	-	-	-	-
Loans	5,42	6,69	-	15,59
Investment securities held-to-maturity	8,28	7,59	-	14,20
Liabilities				
Interbank deposits	-	-	-	15,19
Other deposits	2,56	2,26	-	14,90
Borrowings from money market	-	-	-	14,98
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	2,85	4,56	-	12,46

VI. Information on Liquidity Risk

1. Restrictions on fund sources established by the board of directors for the purpose of meeting urgent liquidity demand and making payments for matured debts

Bank's liquidity risk has been analysed within the context of risk management operations. Within this context bank's liquidity risk has been analysed by common ratio analysis and liquidity position analysis based on payment terms.

2. Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured:

The main reason of liquidity risk is the existence of long term assets versus short term funds borrowed from abroad. On the other hand, these short term funds have the capability of being renewed. Bank has strong fund sources besides there is no restriction on fund sources for the purpose of meeting urgent liquidity demand and making payments for matured debts. As a result of this, the Bank has not been encountered with liquidity problems and there is no expectation of possible liquidity risk for the future for the bank.

3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized:

Shareholder's Equity has an important portion in the funding resources. The Bank is also capable of funding itself through domestic money markets and funding resources provided by its main shareholder.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Presentation of assets and liabilities based on their outstanding maturities:

End of Current Period	Demand Deposit	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Unallocated*	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	1.067	24.008	-	-	-	-	-	25.075
Due from banks and other financial institutions	1.378	12.771	-	-	-	12	-	14.161
Financial Assets through Profit or Loss	-	160	1.820	876	12.876	78.652	-	94.384
Money Market Placements	-	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	-	925	925
Loans	-	51.380	14.884	12.647	12.711	14.474	-	106.096
Investment securities held-to-maturity	-	-	1.724	-	10.590	69.320	-	81,634
Other assets	-	313	-	176	-	1.446	48.608	50.543
Total Assets	2.445	88.632	18.428	13.699	36.177	163.904	49.533	372.818
Liabilities								
Interbank Deposits	46.453	12.025	-	-	-	-	-	58.478
Other Deposits	19.088	5.404	4.027	2.656	2.365	-	-	33.540
Funds provided from other financial institutions	-	-	125.999	-	278	16.957	-	143.234
Borrowings from money market	-	40.593	-	-	-	-	-	40.593
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1.928	-	-	-	634	-	2.562
Other liabilities	2.050	194	763	16	30	363	90.995	94.411
Total Liabilities	67.591	60.144	130.789	2.672	2.673	17.954	90.995	372.818
Liquidity Gap	(65.146)	28.488	(112.361)	11.027	33.504	145.950	(41.462)	-
Prior Period								
Total Assets	7.413	69.345	30.054	14.267	32.556	160.978	47.181	361.794
Total Liabilities	54.618	161.306	34.047	5.080	1.185	24.143	81.415	361.794
Net Liquidity Gap	(47.205)	(91.961)	(3.993)	9.187	31.371	136.835	(34.234)	-

* Other assets at the unallocated part consists of Fixed Assets amounting YTL 20.970, Subsidiaries and Affiliates amounting YTL 24.455, Office Supply Inventory amounting YTL 106, Prepaid Expenses amounting YTL 197 and Deferred Tax Asset amounting YTL 1.405, Asset Held For Resale amounting YTL 1.475. Other liabilities at the unallocated part consists of Shareholders Equity amounting YTL 86.688 and Provisions amounting YTL 4.307.

VII. Information on Fair Values of Financial Assets and Liabilities

The fair value of the held to maturity financial assets; in case of situations where market price or fair value can not be determined; is calculated over the quoted market prices of other investment securities that are of the same interest, maturity and similar in other clauses.

The estimated fair value of the demand deposit represents the amount to be paid at the moment of demand. Placements of changing rates and the fair value of the overnight deposit equal to their book values. The fair value of the fixed yield deposit is calculated over the cash flow discounted using the market interest rates applicated on similar borrowing and other payables.

The estimated fair value of the loans is calculated over the cash flow discounted using the market interest rates applicated on the constant interest loans. The carrying values of floating-rate loans are deemed a reasonable proxy for their fair values.

In the table below; fair values and book values of some of the financial assets and liabilities are presented. The book value of the assets and liabilities is the total of the first acquisition cost and accumulated interest accruals.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	202.816	180.428	203.027	189.551
Interbank Money market placements	-	-	-	-
Due from banks and other financial institutions	14.161	12.729	14.161	12.729
Investment securities available-for-sale	925	886	925	886
Investment securities held-to-maturity	81.634	79.595	82.424	88.718
Loans	106.096	87.218	105.517	87.218
Financial Liabilities	278.407	272.144	278.407	272.144
Interbank deposits	99.071	66.061	99.071	66.061
Other Deposits	33.540	33.918	33.540	33.918
Funds provided from other financial institutions	143.234	169.659	143.234	169.659
Marketable securities issued	-	-	-	-
Miscellaneous Payables	2.562	2.506	2.562	2.506

VIII. Activities carried out on behalf of and account of third parties, activities based on assurance

1. Information on whether bank carries out trading, custody, consulting, management services for third parties:

The Bank carries out trading of government bonds and treasury bills and repurchase agreements on others' behalf and account. Apart from such services; the Bank does not carry out any other trading, custody, management and consulting services on behalf and account of others.

2. Information on fiduciary transactions with other financial institutions or direct financial services given within the context of fiduciary transactions to other financial institutions and possible affects of such transactions on bank's financial situation:

The Bank does not have transactions based on assurance.

IX. Summary information on the Bank's rating by international rating institutions:

The rating of the Bank by international rating institution Fitch as of June 30, 2006 is as follows:

Fitch Ratings:	June 2006
Foreign Currency Transactions	
Long Term	B
Short Term	B
Outlook	Stable
Local Currency	
Long Term	B
Short Term	B
Outlook	Stable
National	
Long Term	BBB(tur)
Outlook	Stable
Individual Rating	D
Support Note	5

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION FIVE INFORMATION ON DISCLOSURES AND FOOTNOTES OF NON-CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS

1. Information on cash equivalents and Central Bank of Turkey:

Information on cash equivalents:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash/Effective	120	860	57	1.094
Central Bank of Turkey	87	24,003	376	24,427
Other	-	5	-	-
Total	207	24.868	433	25.521

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	87	-	376	-
Unrestricted Time Deposits	-	6,598	-	6,682
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	17,405	-	17,745
Total	87	24.003	376	24.427

Information on Statutory Provisions:

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in YTL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. As of 31 December 2006 interest rates applied for reserve requirements by the Central Bank of Turkey are 13,12% for YTL deposits and 1,73% for Euro and 2,52% US Dollars deposits.

2. Additional information on financial assets at fair value through profit/loss subject to repurchase agreements and provided as collateral/blocked

a) Among financial assets through profit or loss as of 31 December 2006; YTL 265 is subjected to repurchase transactions (31 December 2005: YTL 10.060), and YTL 64,743 is provided as collateral /blocked. (31 December 2005: YTL 58.605)

b) Positive differences on trading derivative instruments

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	72	-	66
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	72	-	66

3. Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Domestic banks	6.433	13	14	11.147
Foreign banks	-	7,715	-	1,568
Foreign headoffices and branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	6.433	7.728	14	12.715

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

3.1 Information on overseas bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current period	Prior period	Current period	Prior period
European Union Countries	744	804	-	2
USA, Canada	42	147	12	9
OECD Countries (*)	6.624	197	-	-
Off-Shore Banking Regions	-	-	-	-
Other	293	409	-	-
Total	7.703	1.557	12	11

* OECD countries except EU Countries, Canada and USA

4. Information on available for sale financial assets:

4.1 Major types of available for sale financial assets

Available for sale financial assets through profit or loss are composed shares that are not active in the stock market.

4.2 Information on available for sale financial assets

	Current period	Prior period
Debt Securities		
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
Share Certificates	925	886
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	925	886
Impairment provision (-)	-	-
Total	925	886

5. Information on Loans:

5.1 Information on all types of loans and advances given to shareholders and employees of the Bank

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	3.835	4.076	116	51.144
Corporate Shareholders	3.835	4.076	116	51.144
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	3.596	62.380	11.579	13.281
Loans Granted to Employees	220	7	165	22
Total	7.651	66.463	11.860	64.447

5.2 Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	106.096	-	-	-
Discount Notes	3.447	-	-	-
Export loans	13.986	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	60.053	-	-	-
International loans	4.412	-	-	-
Consumer loans	231	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	23.967	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	106.096	-	-	-

ARAP TÜRK BANKASI A.Ş.**Unconsolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

5.3 Cash loans according to their maturity structure

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short Term Loans and Other Receivables	87.910	-	-	-
Non-specialized loans	87.910	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and Other Receivables	18.186	-	-	-
Non-specialized loans	18.186	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	106.096	-	-	-

5.4 Information on Consumer Loans, Credit Cards and Loans given to employees:

	Short Term	Medium and Long Term	Total
Consumer Loans-YTL	10	4	14
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	10	4	14
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- YTL	40	177	217
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	40	177	217
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-YP	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-YTL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	50	181	231

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

5.5 Information on installment corporate loans and corporate credit cards

The Bank does not have installment corporate loans and corporate credit cards.

5.6 Classification of loans based on customers

	Current Period	Prior Period
Public	-	-
Private	106.096	87.218
Total	106.096	87.218

5.7 Classification of loans based on domestic and foreign

	Current Period	Prior Period
Domestic loans	98.235	85.423
Foreign loans	7.861	1.795
Total	106.096	87.218

5.8 Loans granted to affiliates and subsidiaries

In the current period there is no loans granted to subsidiaries and investments.

5.9 Specific provisions for loans

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	6.297	7.430
Total	6.297	7.430

5.10 Information on non-performing loans (Net)

5.10.1 In the current period there are no non-performing loans and receivables restructured or rescheduled.

5.10.2 Information on movement of total non-performing loans

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	-	-	7.430
Additions (+)	645	-	21
Transfers from other categories of non performing loans (+)	-	-	-
Transfers to other categories of non performing loans (-)	-	-	-
Collections (-)	645	-	564
Write-offs (-)	-	-	590
Balances at End of the Period	-	-	6.297
Specific provisions (-)	-	-	6.297
Net Balance on Balance Sheet	-	-	-

5.10.3 Information on non-performing loans and other receivables in foreign currencies

In the current period there is YTL 2.038 of non-performing loan receivables in foreign currency such amount is followed in YTL accounts.

5.11 Main points of liquidation policy for uncollectible loans and receivables

Uncollectible loans and other receivables are collected through the legal following and converting collaterals into cash.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

6. Information on held to maturity financial assets:

6.1 Information on held to maturity financial assets (net):

There is no repurchase transaction related to investment securities held to maturity. As of 31 December 2006 YTL 18.042 is held on collateral/blocked for guarantee. (At 31 December 2005: YTL 4.555)

	Current Period	Prior Period
Debt securities	84.618	81.730
Quoted	18.042	4.555
Not quoted	66.576	77.175
Impairment loss provision (-)	2.984	2.135
Total	81.634	79.595

6.2 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	79.595	144.168
Foreign Currency Gains / Losses on Monetary assets	4.987	(7.703)
Purchases during the Period	21.823	32.963
Disposals through sales and redemptions (*)	(23.828)	(89.551)
Impairment loss provision (-) (**)	943	282
Period end balance	81.634	79.595

(*) YTL 17.105 of this amount consisted of the dollar based government bonds maturing in 26.09.2016 issued by Turkish Treasury which is supplied by the Bank. BDDK has given permission to the swap transaction and reclassification of the new bonds in a different portfolio. Remaining YTL 6.723 belongs to redemption of investments held to maturity.

(**) Represents provisions allocated for impairment in the current year.

6.3 Information on accounts in which held to maturity instruments are reflected

	Current Period	Prior Period
Government bonds	18.042	4.555
Treasury Bonds	-	-
Other Public Bonds	37.206	49.986
Other	26.386	25.054
Total	81.634	79.595

7. Information on Affiliates

The Bank does not have an affiliate as of 31 December 2006 and 2005.

8. Information on associates (Net):

8.1 Information on associates

Description	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1 A&T Finansal Kiralama A.Ş	ISTANBUL	99,98	99,98

Important financial statements of the associate:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value (*)
1 85.595	29.695	84	9.105	-	778	2.642	24.455

(*) As fair value; the amounts that are reflected on the financial tables that is calculated by the deduction of impairment (if any) from purchasing cost is stated.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

8.2 Movement related to associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	20.456	16.956
Movements during the Period	3.999	3.500
Purchases	-	-
Bonus Shares Received	3.999	3.500
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
Balance at the End of the Period	24.455	20.456
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99,98	99,98

8.2.1 Valuation methods of investments in associates

The method used in the accounting of associates is explained in Section Three.

8.2.2 Sectoral Information on the associates and amounts related to these

Affiliates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	24.455	20.456
Finance Companies	-	-
Other Affiliates	-	-

8.2.3 Quoted Associates

The Bank does not have an associate that is quoted.

8.2.4 Associates sold in the current year

None.

8.2.5 Associates acquired in the current year.

None.

9. Information on jointly controlled associates

The Bank does not have a jointly controlled associate.

10. Information on Financial Lease Receivables (Net):

The Bank does not have any financial lease receivables.

11. Information on financial derivatives for hedging:

The Bank does not have any financial derivatives for hedging.

ARAP TÜRK BANKASI A.Ş.**Unconsolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

12. Information on tangible assets:

Current Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period					
Cost	27.303	3.839	669	3.581	35.392
Accumulated Depreciation (-)	7.106	3.527	406	2.828	13.867
Net Book Value	20.197	312	263	753	21.525
Balance at the End of the Current Period					
Net Book Value at the Beginning of the Current Period	27.303	3.839	669	3.581	35.392
Additions	-	94	-	141	235
Disposals (-)	-	-	-	1.122	1.122
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period	27.303	3.933	669	2.600	34.505
Depreciation expense and depreciation expense of disposal (-)	650	133	108	250	1.141
Accumulated Depreciation at the End of the Current Period (-)	7.756	3.660	514	1.962	13.892
Net Book Value at the End of the Current Period	19.547	273	155	638	20.613
Prior Period					
Balance at the End of the Prior Period					
Cost	27.286	3.839	647	3.701	35.473
Accumulated Depreciation (-)	6.394	3.331	425	2.616	12.766
Net Book Value	20.892	508	222	1.085	22.707
Balance at the End of the Current Period					
Net Book Value at the Beginning of the Current Period	27.286	3.839	647	3.701	35.473
Additions	17	-	174	198	389
Disposals (-)	-	-	152	318	470
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period	27.303	3.839	669	3.581	35.392
Depreciation expense and depreciation expense of disposal(-)	712	196	116	205	1.229
Accumulated Depreciation at the End of the Current Period (-)	7.106	3.527	406	2.828	13.867
Net Book Value at the End of the Current Period	20.197	312	263	753	21.525

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

13. Information on Intangible assets:

	Other	Lease hold Improvement	Total
Balance at the End of the Prior Period			
Cost	2.493	201	2.694
Accumulated Depreciation (-)	2.051	174	2.225
Net Book Value	442	27	469
Balance at the End of the Current Period			
Net Book Value at the Beginning of the Current Period	2.493	201	2.694
Additions	46	-	46
Disposals (-)	-	-	-
Impairment(-)	-	-	-
Cost at the End of the Current Period	2.539	201	2.740
Depreciation expense and depreciation expense of disposals (-)	131	27	158
Accumulated Depreciation at the End of the Current Period (-)	2.182	201	2.383
Net Book Value at the End of the Current Period	357	0	357

	Other	Lease hold Improvement	Total
Prior Period			
Balance at the End of the Prior Period			
Cost	2.307	201	2.508
Accumulated Depreciation (-)	1.896	134	2.030
Net Book Value	411	67	478
Balance at the End of the Current Period			
Net Book Value at the Beginning of the Current Period	2.307	201	2508
Additions	186	-	186
Disposals (-)	-	-	-
Impairment (-)	-	-	-
Cost at the End of the Current Period	2.493	201	2.694
Depreciation expense and depreciation expense of disposals (-)	155	40	195
Accumulated Depreciation at the End of the Current Period (-)	2.051	174	2.225
Net Book Value at the End of the Current Period	442	27	469

14. Information on deferred tax asset:

As of 31 December 2006 the presentation of tax deductible or temporary differences subject to tax and the related deferred tax asset or liability as follows:

	Current Period 31 December 2006		Prior Period 31 December 2005	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions regarding employee rights	2.632	526	3.811	1.143
Other provisions	160	32	131	39
Marketable Securities Valuation Difference	4.060	812	2.884	865
Other	318	64	146	44
Deffered tax asset	7.170	1.434	6.972	2.091
Letter of Credit Commissions	-	-	(791)	(237)
Tangible assets	(104)	(21)	(193)	(58)
Financial assets	(39)	(8)	-	-
Deferred tax liability	(143)	(29)	(984)	(295)
Deferred tax asset (Net)	7.027	1.405	5.988	1.796

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

15. Information on tangibles held for resale:

	Current Period 31 December 2006	Prior Period 31 December 2005
Cost	1.842	1.842
Accumulated Depreciation	(94)	-
Net Book Value	1.748	1.842
Opening Balance	1.748	1.842
Acquired	-	-
Disposals (-), net	273	-
Depreciation Expense (-)	31	-
Closing Net Book Value	1.475	1.842

16. Information on other assets:

As of 31 December 2006 other assets account of balance sheet is YTL 2.062 (31 December 2005: YTL 1.188) and does not exceed 10% of balance sheet except off balance sheet commitments.

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity profile of deposits:

Current Period	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Cumulative Demand	Total
Saving Deposits	88	-	447	125	14	26	-	-	700
Foreign Currency Deposits	18.484	-	2.618	2.738	4.903	3.533	-	-	32.276
Residents in Turkey	6.806	-	1.389	1.801	3.644	533	-	-	14.173
Residents Abroad	11.678	-	1.229	937	1.259	3.000	-	-	18.103
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	243	-	18	25	-	-	-	-	286
Other Ins. Deposits	273	-	2	3	-	-	-	-	278
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	46.453	-	12.025	-	-	-	-	-	58.478
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	12.025	-	-	-	-	-	12.025
Foreign Banks	46.453	-	-	-	-	-	-	-	46.453
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	65.541	-	15.110	2.891	4.917	3.559	-	-	92.018

Prior Period	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Cumulative Demand	Total
Saving Deposits	108	-	309	183	33	25	-	-	658
Foreign Currency Deposits	19.800	-	3.367	2.725	2.935	3.653	-	-	32.480
Residents in Turkey	8.983	-	2.606	2.141	1.689	650	-	-	16.069
Residents Abroad	10.817	-	761	584	1.246	3.003	-	-	16.411
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	267	-	118	161	-	-	-	-	546
Other Ins. Deposits	231	-	-	3	-	-	-	-	234
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	32.787	-	3.905	-	-	-	-	-	36.692
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	3.905	-	-	-	-	-	3.905
Foreign Banks	32.787	-	-	-	-	-	-	-	32.787
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	53.193	-	7.699	3.072	2.968	3.678	-	-	70.610

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

1.1 Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	665	650	37	8
Foreign Currency Saving Deposits	8.573	8.687	6.334	6.565
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	9.238	9.337	6.371	6.573

1.2 Saving deposits not covered by deposit insurance

1.2.1 The Bank does not have off-shore and foreign branches.

1.2.2 The Bank does not have special current and participation deposits of individuals that are not covered under the guarantee of deposit insurance fund.

2 Information on financial derivatives through profit or loss:

The Bank does not have negative differences related to financial derivatives.

3. Information on Funds Borrowed:

3.1 Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank Loans	-	-	-	-
From Domestic Banks and Institutions	1.331	-	530	1.994
From Foreign Banks, Institutions and Funds	-	124.936	-	151.013
Total	1.331	124.936	530	153.007

3.2 Presentation of funds borrowed based on maturity profile:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	1.331	124.936	530	153.007
Medium and Long-Term	-	-	-	-
Total	1.331	124.936	530	153.007

3.3 Additional information on concentration of the Bank's liabilities

As of 31 December 2006, 25% (31 December 2005: 20%) 38% (31 December 2006 47%) and 0,1% (31 December 2005: 3%) of the Bank's liabilities consisted deposits, funds borrowed and funds provided by repurchase agreements.

4. Information on other foreign resources:

The other foreign resources account of the balance sheet is YTL 1.810 (31 December 2005: YTL 1.304); and this amount does not exceed 10% of the total balance sheet.

5. Information on financial lease obligations:

Interest rate and cash flow of the Bank are the criteria which are taken into consideration in the leasing contracts. There are no significant obligations imposed on the Bank as a result of the lease agreements.

6. Information on liabilities arising from financial derivative transactions for hedging purposes:

The Bank does not have financial derivative instruments for hedging purposes.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

7. Information on provisions:

7.1 Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	893	722
Provisions for Loans and Receivables in Group II	-	-
Provisions for Non-Cash Loans	328	280
Other	-	-
Total	1.221	1.002

7.2 Information on provisions regarding liabilities of employee rights

According to Turkish Labor Law , for employees who have fulfilled 25th year of service (for women 20 years), and have been retired or terminated for obligatory purposes, also for employees who have retirement privilege (minimum age for women 58, for men 60 years), and for employees who are accomplishing military service or for employees who have died; the Bank is obligated to pay employee termination indemnity.

The indemnity charge that is to be paid is equal to one month salary for each service year and it is limited with YTL 1.857,44, (31 December 2006: YTL 1.727,15). Employee termination indemnity is not subjected to any funding and has no clause for funding.

Employee termination indemnity is allocated at present value of future probable liability. TAS 19 requires actuary valuation method for the calculation of employee termination indemnity reserves. In this context, the Bank has used actuary assumptions, for the calculation of employee termination reserve below.

	Current Period 31 December 2006	Prior Period 31 December 2005
Discount Rate (%)	5,71	5,45
Rate used for retirement probability (%)	97,86	98,03

The movement of the provision termination indemnities in the balance sheets is as followed:

	Current Period December 31, 2006	Previous Period December 31, 2005
Prior Period End Balance	1.960	1.592
Provisions Allocated During the Year	387	891
Amount Paid During the Year	(331)	(523)
Year End Balance	2.016	1.960

As of December 31,2006 the Bank has an amount of YTL 310 provision allocated for vacations (31 December 2005: YTL 548).

As a result of vacations used in the current period, YTL 239 amount of provision allocated in 2005 has reversed.

7.3 Provisions for currency exchange gain/loss on foreign currency indexed loans:

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans	577	1.052

(*) Foreign exchange differences of foreign currency indexed loans are netted off with loans.

7.4 Specific provisions for non- cash loans that are not indemnified and not converted into cash:

	Current Period	Prior Period
Specific Provisions for Non-cash loans that are not indemnified and not converted into Cash	429	444

7.5 Information on other provisions

7.5.1 Information on provisions for possible risks

The Bank has allocated YTL 160 for the on-going law suits at the time of the balance sheet and YTL 171 for the payments that might be made other than the legal regulation foresees for the foreign personnel currently working in the bank.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

8. Information on tax payables:

8.1 Information on corporate tax liability:

The information on the tax calculation of the Bank is presented in Section Three. As of 31 December 2006 the corporate tax after the temporary taxes paid in the period is YTL 751 (31 December 2005: YTL 1.123).

8.1.1 Information on tax payables

	Current Period	Prior Period
Corporate Taxes Payable	751	1.123
Corporate Taxes Payable	12	14
Taxation of Securities	25	13
Property Tax	1	1
Banking Insurance Transaction Tax (BITT)	113	56
Foreign Exchange Legislation Tax	4	9
Value Added Taxes Payable	30	9
Other	291	284
Total	1.227	1.509

8.1.2 Information on premiums

	Current Period	Prior Period
Social Security Premiums- Employee	118	63
Social Security Premiums- Employer	169	89
Bank Social Aid Pension Fund Premium- Employee	-	-
Bank Social Aid Pension Fund Premium- Employer	-	-
Pension Fund Membership Fees and Provisions- Employee	-	-
Pension Fund Membership Fees and Provisions- Employer	-	-
Unemployment Insurance- Employee share	8	4
Unemployment Insurance- Employer share	17	9
Other	-	-
Total	312	165

8.2 Information on deferred tax liability

The Bank does not have a net deferred tax liability as of 31 December 2006 and 31 December 2005.

The net value of assets liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset with an amount of YTL 1.405. Detailed information on net deferred tax is presented in footnote I-14 in Section Five.

9. Information on liabilities for assets held for resale:

None.

10. Information on Subordinated Loans:

At 30 December 2002 the Bank has used a subordinated loan of USD 12.000.000 from Libyan Foreign Bank with five years and one month maturity, at an interest rate of Libor+2. It is undertaken that this loan will be added to Bank's capital at its maturity date.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	16.967	-	16.122
From Other Foreign Institutions	-	-	-	-
Total	-	16.967	-	16.122

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

11. Information on Shareholder's Equity:

11.1 Presentation of Paid-in Capital:

	Current Period	Prior Period
Common Stock	41.000	41.000
Preferred Stock	-	-

11.2 Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Registered share capital system is not implemented in the Bank.

11.3 Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no share capital increase in current period.

11.4 Information on share increases from capital reserves

There is no share increase from capital reserves in the current period.

11.5 Capital commitments for current financial year and following period, general purpose of these commitments and estimated resources necessary for these commitments

The Bank does not have any capital commitments in the current year.

11.6 The impacts of the foresights, which are prophesied according to Bank's prior periods income, profitability, and liquidity indicators and uncertainty, to shareholders' equity

Bank is operating profitable and keeping its profit in the shareholders equity. On the other hand small portion of shareholders equity is used for investments such as fixed assets and subsidiaries. Bank's unrestricted shareholders equity is considered high and unrestricted equity is invested on assets with liquidity and profitability. As a result banks' shareholders equity has been continuously getting stronger.

11.7 Information on the privileges given to stocks representing the capital

The registered capital can be increased or decreased once or several times. Such an increase may be accomplished through the transfer from reserves into the capital account and the issuance of "bonus" shares in consequence thereof.

Each shareholder shall have the right to subscribe for a proportion of new shares corresponding to the number of shares held and such right may be exercised within a period of thirty days from the date of receipt by each shareholder of an invitation to the shareholders.

These preferential rights may only be assigned by approval of the Board of Directors upon the favorable vote of 4/5 of the members present or represented.

New shares may not be issued at a price less than the nominal value of the original shares issued.

Fractional shares will be allocated by the Board of Directors.

The Bank may not, directly or indirectly, finance the acquisition of its own shares.

The Bank shall be administered and represented by a Board of Directors composed of at least six members representing the shareholders in a ratio corresponding to their share of the registered capital, to be nominated or removed by these shareholders and elected or dismissed accordingly by the decision of the General Meeting of the shareholders. Thus the Libyan Arab Bank shall have the right to nominate six directors and to replace these directors at any time. The Kuwait Investment Company shall have the right to nominate one director and to replace said director at any time. The Turkish shareholders shall have the right to nominate the remaining three directors, and to replace these directors at any time.

Arabian shareholders are treated under the same legislation with Turkish citizens. This includes the transfer of distributed other revenues, guarantees, shares, dividends. And in a similar manner Arabian shareholders are benefited and protected by law No.6224, Foreign Capital Incentive Law.

11.8 Information on marketable securities value increase fund:

The bank does not have marketable securities value increase fund in the current period.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS

1. Information on contingent liabilities in the off-balance sheets:

1.1 Type and amount of irrevocable commitments

The Bank does not have irrevocable commitments.

1.2 Type and amount of possible losses from off-balance sheet items:

1.2.1 Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral:

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is YTL 107.455 (31 December 2005: YTL 111.109).

1.2.2 Final guarantees, temporary gurantees, commitments and similar transactions

The total amount of the Bank's guarantee lettes is YTL 132.167 (31 December 2005: YTL 64.503).

2. Total amount of Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	-	4,771
Less Than or Equal to One Year with Orginal Maturity	-	-
More Than One Year with Orginal Maturity	-	4,771
Other Non-Cash Loans	278.624	260.882
Total	278.624	265.653

3. Information on Sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	-	0,00	-	0,00	-	0,00	-	0,00
Farming and Raising livestock	-	0,00	-	0,00	-	0,00	-	0,00
Forestry	-	0,00	-	0,00	-	0,00	-	0,00
Fishing	-	0,00	-	0,00	-	0,00	-	0,00
Manufacturing	-	0,00	-	0,00	-	0,00	-	0,00
Mining	-	0,00	-	0,00	-	0,00	-	0,00
Production	-	0,00	-	0,00	-	0,00	-	0,00
Electric, gas and water	-	0,00	-	0,00	-	0,00	-	0,00
Construction	97	3,56	53.571	19,42	120	2,06	17.797	6,85
Services	2.568	94,06	222.323	80,58	5.625	96,42	241.989	93,14
Wholesale and Retail Trade	691	25,31	15.323	5,55	4.706	80,67	15.863	6,11
Hotel, Food and Beverage Services	-	0,00	-	0,00	-	0,00	-	0,00
Transportation and Telecommunication	-	0,00	-	0,00	-	0,00	149	0,06
Financial Institutions	1.877	68,75	207.000	75,03	919	15,75	225.977	86,97
Real Estate and Renting Services	-	0,00	-	0,00	-	0,00	-	0,00
Self-Employment Services	-	0,00	-	0,00	-	0,00	-	0,00
Education Services	-	0,00	-	0,00	-	0,00	-	0,00
Health and Social Services	-	0,00	-	0,00	-	0,00	-	0,00
Other	65	2,38	-	0,00	89	1,52	33	0,01
Total	2.730	100,00	275.894	100,00	5.834	100,00	259.819	100,00

ARAP TÜRK BANKASI A.Ş.**Unconsolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

4. Information on non-cash loans classified as I and II group loans:

	Group I		Group II	
	YTL	FC	YTL	FC
Letters of guarantee	2.730	129.437	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	107.455	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	39.002	-	-
Non-Cash Loans	2.730	275.894	-	-

5. Information on derivative transactions:

	Current Period		Prior Period	
	31 December 2006		31 December 2005	
Trading Derivatives				
Foreign Currency Related Derivative Transactions (I)			1.860	13.497
Currency Forward			-	-
Currency Swaps			1.860	13.497
Currency Futures			-	-
Currency Option			-	-
Interest Rate Related Derivative Transactions (II)			81.198	-
Interest Rate Forwards			-	-
Interest Rate Swaps			81.198	-
Interest Rate Options			-	-
Interest Rate Futures			-	-
Other Trading Derivatives (III)			-	-
A. Total Trading Derivatives (I+II+III)			83.058	13.497
Hedging Derivatives				
Fair Value Hedges			-	-
Cash Flow Hedges			-	-
Hedges for Foreign Currency Investments			-	-
B. Total Hedging Derivatives			-	-
Total Derivative Transactions (A+B)			83.058	13.497

As it was mentioned in Section Three Bank's derivative transactions are recorded as "trading transactions" within the context of TAS 39.

6. Contingent assets and liabilities:

Pursuant to the transitory Article 4 of the obsolete Banking Law numbered 4389 with the decree numbered 4743, losses incurred of the legal and general reserves would be considered tax deductible according to the Clause numbered 14/7 of the obsolete Corporate Tax Law numbered 5422. However, the mentioned losses were not deducted from the tax base in 2001, 2002 and 2003 in compliance with the recommendation of the Ministry of Finance. The bank has 10 law suits against the Turkish Ministry of Finance ("Ministry") amounting to YTL 18.112 regarding the amendment of corporate taxes paid in 2001, 2002 and 2003.

IV. INFORMATION AND FOOTNOTES RELATED TO INCOME STATEMENT**1. Information on interest income:****1.1 Information on interest income received from loans**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short- Term Loans	7.065	1.295	6.039	1.560
Medium and Long- Term Loans	639	113	603	-
Interest Received From Non Performing Loans	673	-	528	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	8.377	1.408	7.170	1.560

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

1.2 Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Central Bank	-	175	-	1
From Domestic Banks	22	613	104	356
From Foreign Banks	-	739	-	198
From Foreign Headquarter and Branches	-	-	-	-
Total	22	1.527	104	555

1.3 Information on interest income from securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Trading Financial Assets	5.201	6.118	4.050	1.930
From Financial Assets Through Profit or Loss	-	-	-	-
From Investments Available for Sale	-	-	-	-
From Investments Held to Maturity	1.774	7.112	1.614	7.581
Total	6.975	13.230	5.664	9.511

1.4 Information on interest income received from affiliates and subsidiaries

None.

2. Interest Expense:

2.1 Information on interest paid for funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	137	9.157	147	5.692
Central Bank	-	-	-	-
Domestic Banks	137	73	147	26
Foreign Banks	-	9.084	-	5.666
Foreign Headquarter and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	137	9.157	147	5.692

2.2 Information on interest expense paid to affiliates and associates

	Current Period	Prior Period
Interest Paid to Affiliates and Associates	4	4

2.3 Information on interest expenses paid to issued stocks

None.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

2.4 Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Time Deposits		Cumulative Deposits	Total
					Up to 1 Year	1 year and over		
YTL								
Bank Deposits	-	1,544	-	-	-	-	-	1,544
Saving Deposits	-	64	26	3	4	-	-	97
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	32	5	-	-	-	-	37
Other Deposits	-	-	1	-	-	-	-	1
"7 Days Notice Deposits"	-	-	-	-	-	-	-	-
Total YTL	-	1,640	32	3	4	-	-	1,679
FC								
Foreign Currency Deposits	-	83	55	89	98	-	-	325
Bank Deposits	-	1,601	-	-	-	-	-	1,601
"7 Days Notice Deposits"	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total FC	-	1,684	55	89	98	-	-	1,926
Total	-	3,324	87	92	102	-	-	3,605

3. Information on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets through profit or loss	-	-
Financial Assets available for sale	51	40
Other (*)	3,999	3,500
Total	4,050	3,540

(*) Represents the dividend income retained from associates.

4. Information on trading gain/loss:

	Current Period	Prior Period
Gain	600.820	303.789
Gain from money market transactions	1.732	188
Derivative and financial transactions	193	-
Other	1,539	188
Gain from exchange transactions	599,088	303,601
Loss (-)	600.645	301.388
Loss from money market transactions	(697)	-
Derivative and financial transactions	-	-
Other	(697)	-
Loss from exchange transactions	(599,948)	(301,388)
Net Trading Gain/Loss	175	2.401

5. Information on income from other operations:

	Current Period	Prior Period
From Sale of Assets	290	170
From Reversal of Provisions of Prior Year	1,715	76
From Foreign Currency Indexed Loans Capital Currency Increases	2,687	175
Other	202	55
From Communication Income	267	253
Total	5,161	729

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

6. Information on impairment of loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	13	29
Loans and Receivables in Group III	-	-
Loans and Receivables in Group IV	-	-
Loans and Receivables in Group V (*)	13	29
Doubtful Receivables	-	-
General Provision Expenses(**)	414	383
Provision for Possible Losses	160	-
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	62	-
Financial Assets through Profit or Loss	62	-
Investment Securities Available-for-Sale	-	-
Other Impairment Losses	943	877
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	943	877
Other	67	1.438
Total	1.659	2.727

(*) 7 YTL of 21 YTL has been collected which has been added to specific loan provision during 2006.

(**) Due to the the reversal of YTL 195 provided for general provision it is recorded in the other operating income under the reversal of provisions of prior year.

7. Information on other operating loss:

	Current Period	Prior Period
Personnel Expenses	15.371	13.737
Provision for Employee Termination Benefits	148	620
Amortisation Expenses of Tangible Assets	1.141	1.229
Amortisation Expenses of Intangible Assets	158	195
Amortization Expense of Assets Held for Resale	31	-
Other Operating Expenses	2.764	3.252
Operating Lease Expenses	468	425
Maintenance Expenses	119	259
Advertisement Expenses	13	101
Other Expenses	2.164	2.467
Loss on Sales of Assets	2	-
Other	2.516	2.873
Total	22.131	21.906

8. Information on profit/loss before taxes:

The profit before taxes for the year 2006 is YTL 6.148 by increasing 10%.

9. Information on tax provision:

9.1 Current period taxation benefit or charge and deferred tax benefit or charge:

As of December 2006 the taxation charge is YTL 751 and deferred tax charge is YTL 391.

9.2 Deferred tax charge arising from origination or reversal of temporary differences

Deferred tax asset:	Current Period	Prior Period
Changes due to useful lives of tangible assets	37	69
Adjustment to financial lease	13	(7)
Accrued financial derivatives	(53)	47
Provisions regarding employee rights	(656)	479
Other	268	(187)
Total	(391)	401

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

9.3 Deferred tax liability represented in the income statement within the context of temporary difference, financial loss and tax reduction.

None.

10. Information on operation profit/loss after tax:

The after tax operation profit increased 4% to the amount of YTL 5,006.

11. Information on net profit or loss of the period:

11.1 Information on nature, dimension and frequency rate of income and expense accounts resulting from ordinary banking transactions if they are necessary for explaining the Bank's current year performance:

Bank has recorded interest income amounting 32.038 YTL, interest expense amounting 17.946 YTL, net fee and comission income amounting 6.460 YTL from it's ordinary banking transactions.

11.2 Information on the profit or loss affect of a change in an estimation related to financial tables and future period affect of the change in this estimation.

There is not any change in accounting estimation related to financial statements.

11.3 Profit/loss regarding minority rights:

There is no profit/loss regarding minority rights in the accompanying financial statements.

12. Information on 20% of other accounts in income statement, if other accounts exceed 10% of total income statement.

No other accounts are excess of the 10% of the income statement other than other operating income and other operating loss that are explained above.

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Changes due to revaluation of financial assets available-for-sale:

None.

2. Confirmation on exchange rate differences between period start and end

None.

3. Increases due to cash flow hedges:

None.

4. Information on dividend:

4.1 Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statement

None.

4.2 Net profit per share proposed to be distributed after the balance sheet date

None.

5. Amounts transferred to retained earnings:

In the current year YTL 204 has been transferred to retained earnings.

6. Information on issuance of common stock:

6.1 Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital

None.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

7. Information on other capital increase accounts at the equity movement table:

Information on inflation restatement differences of shareholders equity accounts:

In BRSA's Circular no.BDDK.DZM.2/13/-d-5 on 28 April 2005, it was stated that as of January 2005, the majority of the criterias confirming the existence of a hyperinflationary economy are not valid anymore. Accordingly, the inflation accounting had been ceased beginning from 1 January 2005.

Inflation restatement of paid in capital amounting 33,004 YTL which was recorded in the account of "Paid in capital Inflation Restatement" account until 31 December 2005 is transferred to "Other Capital Reserves" account.

VI. INFORMATION AND FOOTNOTES RELATED TO CASH FLOW STATEMENT

1. Information on cash and cash equivalent assets:

1.1 Balances that form the cash and cash equivalent assets, and the accounting policy used in the formation of these balances

Subject to the preparation of cash flow statements "Cash" refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; "Cash equivalent" refers to moneymarket placements of original maturity less than three months and time deposits at banks, and investments in financial securities.

1.1.1. Information on cash and cash equivalents at the beginning of the period:

	Current Period 31/12/2006	Prior Period 31/12/2005
Cash	1.151	1.151
Interbank Money Market Placements	-	7.311
Financial Assets through Profit or Loss (net)	-	-
Banks and other financial institutions	19.771	3.103
Cash equivalents	20.922	11.565

1.1.2. Information on cash and cash equivalents at the end of the period

	Current Period 31/12/2006	Prior Period 31/12/2005
Cash	980	1.151
Interbank Money Market Placements	-	-
Financial Assets through Profit or Loss (net)	-	-
Banks and other financial institutions	20.785	19.771
Cash equivalents	21.765	20.922

2. Information on unrestricted cash and cash equivalents that is in the possession of the Bank however not in the restricted usage due to legal limitations and other reasons:

None.

3. Information on the effect on cash and cash equivalent assets due to changes in other accounts in the cash flow statement and exchange rates:

The YTL (-) 10.684 (31 December 2005: YTL (-) 6.090) in the "Other" account that is under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses, exchange rate profit/loss, depreciation that does not cause cash inflow or outflow provision and accounts similar to cost free dividend.

The "Net increase/decrease in other debts" account under the "Changes in assets and liabilities subject to banking activities" amounting to YTL 4.507 (31 December 2005: (-) YTL 1.866 is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

The effect of the change in exchange rate on cash and cash equivalent assets is reflected on the net exchange rate profit/loss account. The account of exchange rate profit/loss in question is presented in the "Other" line under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account.

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

VII. INFORMATION ON THE BANK'S RISK GROUP

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period:

1.1 Information on the loans of the Bank's risk group

Current Period:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	4.862	403	17.118	-	-
Balance at the end of the period	-	91	7.431	66.456	-	-
Interest and Commission Income received	-	5	22	-	-	-

(*) Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.

Prior Period:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	5.572	1.825	17.839	-	-
Balance at the end of the period	-	4.862	403	17.118	-	-
Interest and Commission Income received	-	23	7	-	-	-

(*) Stated at the 2nd clause of the 49th article of the Law No. 5411 of Bank's Act.

1.2 Information on deposits of the Bank's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31 December 2006	31 December 2005	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Deposits						
Balance at the beginning of the period	69	887	699	6.220	-	-
Balance at the end of the period	28	69	3.779	699	-	-
Interest expense of deposits	-	2	54	37	-	-

(*) Stated at the 2nd clause of the 49th article of the Law No. 5411 of Bank's Act.

1.3. Information on forward transactions, options and other contracts related to Bank's risk group:

None.

1.4. Information on benefits provided for top level management:

As of 31 December 2006 YTL 1.374 (31 December 2005: YTL 1.471) amount of payment has been made to the top level management of the Bank.

Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş.

Unconsolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

VIII. INFORMATION ON THE BANK'S DOMESTIC, INTERNATIONAL AND OFF-SHORE BRANCES AND INTERNATIONAL REPRESENTATIVES

	Number	Personnel Number		
Domestic branch	3	174		
			Country	
Foreign Repesantatives				Total Asset Legal Equity
Foreign Branch				
Off-Shore Branches				

IX. INFORMATION AND FOOTNOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SIX

INFORMATION ON INDEPENDENT AUDITOR'S REPORT

I. INFORMATION ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements as of and the year ended at 31 December 2006 has been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of KPMG International) and the independent auditor's report as of February 26, 2007 is presented in the first section of this report.

II. INFORMATION AND FOOTNOTES RELATED TO INDEPENDENT AUDITOR'S REPORT

None.

ASSESSMENT OF FINANCIAL STRENGTH, PROFITABILITY AND DEBT REPAYMENT CAPACITY

ATB's management is assured that the liquidity risk stemming from deposits is at an acceptable level. About 89% of the borrowings have been accounted for as debts to the main shareholders. These types of funds are continuous in the borrowing structure of the Bank and are therefore regarded as subordinated loans, which help ATB minimize the liquidity risk. In addition, the majority of borrowings are invested in "Trading Marketable Securities" and "Deposits with Banks" which are mainly call accounts or very short time bank deposits. Hence, it can be observed that the Bank does not encounter any liquidity risk nor is it faced with debt re-payment difficulty. In addition, it must be underlined that the Bank's capital adequacy ratio is well above levels in the foreign banks' group as well as among the Turkish banks.

The profit has increased when compared to previous year's figure although the profit margins have decreased with intensified competition in the banking industry in 2006. Additionally, the management's determination to increase profits has led employees at all levels to closely follow-up the costs and implement new cost cutting measures. The Bank places importance to increase the income generating assets and non-cash loans portfolio which have paid back well in the last year compared to previous years. In the coming years, ATB will continue to expand business volume which in turn will improve profitability.

RISK MANAGEMENT POLICIES

The risk management strategy, policy and procedures have been prepared in detail, evaluated in High Level Risk Committee and approved by the Board of Directors. The risk policy of ATB is set out on the below mentioned principles.

- To be selective in risk taking.
- To define, measure, analyse and manage risks effectively.
- To secure the balance between the risk and return.
- To have adequate capital to cover existing and possible future risks.
- To have sound collaterals covering the existing and possible risks, and to follow up closely the sufficiency of the collaterals.
- To set limits and secure the appropriateness of risks to the defined limits.
- To keep under control the appropriateness of all kinds of operations to the approved policies and procedures.
- To ensure the harmonization of the operations with laws and regulations.
- To establish a corporate risk culture within the Bank.
- To set out an effective reporting line and inform related management authorities on time to eliminate any kind of discrepancy.

ATB focuses on defining, measuring, analysing and managing the risks involved in its operations, determining its risk management policies and application procedures on the basis of main risk categories on a consolidated basis.

The risk management policies and procedures of the Bank are based on the below-mentioned main risk categories.

Credit Risk

Credit Risk

Country Risk

Market Risk

Interest Rate Risk

Foreign Currency Rate Risk

Liquidity Risk

Operational Risk

Market Risk

The purpose of market risk management is to maximise the risk adjusted return by effectively managing the market risk of the Bank by using suitable parameters in compliance with the size of the Bank.

The market risk management consists of interest rate, foreign currency rate and liquidity risks and takes into consideration the relations of these risks with other risks. The Bank does not carry a stock exchange portfolio. Therefore, the Bank is not exposed to equity position risk.

Sound market risk management involves the application of four basic elements in the management of assets, liabilities and off-balance-sheet instruments:

- Appropriate Board and high-level management oversight,
- Adequate risk management policies and procedures,
- Appropriate risk measurement, analyses, monitoring and control functions, and
- Comprehensive internal controls and independent audits.

The market risk is managed in the Bank on portfolio level. In order to control the market risk exposure, the limits are used.

The market risk is measured by the Risk Management Department by using suitable models, which should be approved by the Board of Directors. The "Standard Method" is used for market risk measurement for legal purposes. The daily VaR is also used to measure market risk. The VaR results are subject to daily back-testing.

VaR analyses are made by considering the usual movements in the market. However, it is also necessary to analyse the unusual movements in the market and measure the portfolio value in such cases. Stress tests and scenario analyses are complementary applications, which are used to measure the effects of unusual movements of the market values. These calculations are made regularly as of month ends or whenever needed.

Stress tests are all the techniques used to measure the potential strength of a portfolio against unexpected risks. Stress tests examine the effects of a change in a certain direction of one or more market factors, which have determinant influence on the portfolio value.

In scenario analyses, the changes in the portfolio value subject to market risk are calculated, which result from possible scenarios about the current prices and rates. By considering the direction of these changes, optimistic, base and pessimistic scenarios are formed.

The market risk of the Bank is analysed by the Risk Management Department by using appropriate methods. Methods like "Sensitivity", "GAP", "Duration" and "Ratio" analyses are used for effective measurement of market risks.

Derivative instruments can be used to hedge the market risk and, to a limited extent, to make profits by trading derivative products within acceptable risk limits. Derivative instruments can also be used to change the interest rate characteristics of certain assets and liabilities after the original investment for funding. For example, depending on the market conditions, it may be chosen to obtain fixed rate funding instead of floating rate funding if it is believed that the terms are more favourable through interest rate swaps.

Aggregate market risk limits clearly articulating the amount of market risk acceptable to the Bank, are approved by the Board of Directors and re-evaluated periodically. Such limits should be appropriate to the size, complexity and capital adequacy of the Bank as well as its ability to measure and manage its risk.

The determination, evaluation, approval, follow-up, review and control, revision, cancellation and exceed processes in in-bank limit application and the procedure of official limits are determined in the "Limit Application Procedure" of the Bank.

Credit Risk

The objective of the credit risk management is to maximise the risk-adjusted return of the Bank by managing the risks in appropriate parameters. The credit risk management covers all types of credits and also considers the relationship of the credit risks with other risk types.

Lending requires both risk taking and profit earning. For each credit facility, the profitability should be calculated in addition to the evaluation of the risk/return relationship. Credits should be priced by considering all costs involved and the risks taken.

Sufficient provision is set aside for expected losses related to potential risks, and the capital should be sufficient to cover the risks and unexpected losses.

In order to decrease the risks taken due to credits, the Bank makes use of securities and guarantees; however, transactions are realized primarily according to the evaluation of the repayment capacity of the borrower.

One of the most important components of the credit risk management is the determination of the risk limits that the Bank can accept for credit customers and groups composed of the related companies. Besides, risk limits based on industries, geographical districts or special products are formed. Similar limits are necessary for all activities of the Bank that may encounter with credit risk. The limit system enables the early warnings about the credits exceeding certain levels for the Bank management. With an appropriate limit system, the management can make consultation about the credit risk control and the risks and advantages, and can follow the risks exceeding the credit risk tolerances determined.

One of the most important tools for following the quality of the retail loans and whole portfolio is the internal risk rating system. A well-structured internal risk rating system is one of the best ways to rate different credit risks that the Bank can be exposed to. This system enables a better determination of the characteristic of the credit portfolio, the concentration of the credits, the non-performing loans and the sufficiency of the provisions.

The necessary methodologies are used for credit risk measurement and analysis. Credit portfolio is analysed periodically in detail to determine the sensitive cases and loan concentrations.

Operational Risk

Operational risk may be the most significant risk an organization faces. Consequently, organizations need a quantification framework to understand and effectively manage operational risk.

Effective operational risk management enhances the Bank's competitive position and thus helps to meet business objectives and profitability targets while protecting its reputation.

Clear strategies and oversight by the Board of Directors and High-level Management, a strong operational risk culture and internal control culture (including, among other things, clear lines of responsibility and segregation of duties), effective internal reporting, and contingency planning are all crucial elements of an effective operational risk management framework for the Bank.

Operational risk can be more pronounced where banks engage in new activities or develop new products (particularly where these activities or products are not consistent with the Bank's core business strategies), enter unfamiliar markets, and/or engage in businesses that are geographically distant from the head office. Therefore, it is important to ensure that special attention is paid to internal control activities where such conditions exist.

Some significant operational risks have low probabilities but potentially very large financial impact. Moreover, not all risk events can be controlled (e.g., natural disasters). Risk mitigation tools or programs can be used to reduce the exposure to, or frequency and/or severity of, such events. For example, insurance policies, particularly those with prompt and certain pay-out features, can be used to externalise the risk of "low frequency, high severity" losses which may occur as a result of events such as third-party claims resulting from errors and omissions, physical loss of securities, employee or third-party fraud, and natural disasters.

Operation limits in related departments have been determined to manage risks effectively and the Board of Directors has approved these limits.

Independent and effective internal audit and control systems, clear definition of duties, responsibilities, job descriptions, policies and application procedures, limit application and insurance are used as the primary means to mitigate operational risk. The contingent processing capabilities are also used as a means to limit the adverse impacts of operational risk.

The operational risk monitoring system focuses, inter alia, on operational performance measures such as volume, turnover, settlement facts, delays and errors. It could also be incumbent to monitor operational loss directly with an analysis of each occurrence and description of the nature and causes of the loss.

To manage operational risk effectively, all personnel in the Bank while realising their work must closely follow up and definitely obey the related laws, regulations, circulars and other rules issued both inside and outside the Bank. Also, all personnel should take into account the efficiency of the jobs undertaken. The internal audit/control functions should strictly control the harmony of operations with the policies, application procedures, duties, responsibilities, job descriptions, manuals, laws, regulations and circulars and inform High-level Management to take necessary measures in this respect.

Inspection Council

SELİM KIZILIRMAK

Position: Head of the Inspection Council

Date of Birth: 1956

Education:

Istanbul University Faculty of Economy, BS in Statistics and Econometrics

Experience:

2000 - Present: Head of the Inspection Council

1980 - 2000: Inspection Council and managerial positions at Etibank, Ziraat Bank, Dışbank and Arab Turkish Bank

Term of Service: From 2000 to present

Responsibilities:

Managing and putting into practice the requirements of the internal audit function in accordance with Article 32 of the Banking Law and the regulation dealing with the Internal Control Systems of banks.

Risk Management Department

SALİH HATİPOĞLU

Position: Manager

Date of Birth: 1972

Education:

Boğaziçi University, BS from Economics Department

Yeditepe University, MBA

Experience:

2001 - Present: Arab Turkish Bank, Risk Management Department

2000 - 2001: Arab Turkish Bank, Inspection Council

1998 - 2000: Sümerbank

Term of Service: From 2000 to present

Responsibilities:

Planning and actualising the Risk Management System of the Bank, determining risk management strategies, policies and application procedures and their realisation, defining, measuring, analysing, pursuing, researching and reporting risk within the frame of principles approved by the Board of Directors

Internal Control Centre

ENVER SÖKMEN

Position: Manager

Date of Birth: 1969

Education:

Erciyes University, Faculty of Economy and Administration Sciences, Business Administration Department

Experience:

2001 - Present: Arab Turkish Bank, Internal Control Centre

1998 - 2001: Arab Turkish Bank Inspection Council

1994 - 1998: Türk Ticaret Bank, Inspection Council

Term of Service: From 1998 to present

Responsibilities:

In accordance with Banking Law and the Internal Control Systems of the Banks Regulation issued in no. 26333 of the Official Gazette, published November 1, 2006 by the Banking Regulation and Supervision Agency, the manager is responsible for the organisation, management and the follow up of internal control activities and controls of the Bank and is required to report the activities and control results to top management and other related parties.

CREDIT RATINGS ASSIGNED BY RATING AGENCIES

In 2006, Fitch Ratings has affirmed Arab Turkish Bank's long-term foreign and local currency Issuer Default ("IDR") ratings as "B".

At the same time, the agency has affirmed other ratings at short-term foreign and local currency "B", individual "D", support "5" and national long-term "BBB (tur)". The outlook on all long-term ratings is "Stable". The long-term, short-term and individual ratings reflect ATB's high degree of reliance on the main shareholder for funding and excessive, albeit decreasing, dependence on government securities for profits. These factors are balanced by its strong capitalisation and consistently improving asset quality.

Rating Outlook and Key Rating Drivers

ATB's ratings have a "Stable" outlook, reflecting the Bank's intrinsic financial condition. This is likely to remain the case over the medium term.

The key factors in any future ratings upgrade will be a sustainable diversification of the asset mix and funding base as well as an expansion of business volume.

Downside risk to the ratings could arise from deterioration in asset quality coupled with diminished capital.

FIVE-YEAR FINANCIAL HIGHLIGHTS

As presented on page 2nd.

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**ARAP TÜRK BANKASI A.Ş.
AND ITS SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2006

Together With Independent Auditors' Report

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

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Internet www.kpmg.com.tr

**(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 3.1.d)**

Convenience Translation of the Independent Auditor's Report

Originally Prepared and Issued in Turkish

To the Board of Directors of Arap Türk Bankası Anonim Şirketi:

We have been engaged to audit the consolidated balance sheet of Arap Türk Bankası A.Ş. ("the Bank") and its subsidiary ("the Group") as of 31 December 2006 and the related consolidated statement of income, consolidated changes in shareholders' equity and consolidated cash flow for the year then ended together with the summary of important accounting policies and other explanatory notes. The consolidated financial statements of the Bank as of and for the year ended 31 December 2005 was audited by another auditor who expressed an unqualified opinion in their report dated 27 January 2006.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishment of internal control systems relevant to the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette no.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and the statements and guidances published by the Banking Regulation and Supervision Agency (BRSA) on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We planned and performed the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances and the appropriateness of accounting policies used. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arap Türk Bankası AŞ and its subsidiary as of 31 December 2006 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 and 38 of (Turkish) Banking Law No 5411 and the statements and guidances published by the BRSA on accounting and financial reporting principles.

İstanbul,
5 March 2007

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik Anonim Şirketi


Murat Aisan
Engagement partner

Additional paragraph for convenience translation to English:

As explained in Note 3.1.d, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



ARAP TÜRK BANKASI

المصرف العربي التركي ARAB TURKISH BANK

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2006

Address of the Bank's Headquarters

Valikonağı Caddesi No:10
34367 – ŞİŞLİ/İSTANBUL

Telephone and Fax Numbers

Tel : 0.212.225 05 00
Faks: 0.212.225 05 26

Website of the Bank

<http://www.arabturkbank.com>

E-mail address of the Bank

webmaster@arabturkbank.com

The financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S AUDIT REPORT

The subsidiaries, associates and jointly controlled companies included in the annual consolidated financial report are as follows:

	Subsidiaries	Associates	Jointly Controlled Companies
1.	A&T Finansal Kiralama A.Ş.		

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **New Turkish Lira (YTL) thousands** as of 31 December 2006.

5 March 2007

A. Aykut Demiray
Chairman of The
Board of Directors &
Head of The Audit
Committee

Ömer Çelebi
Member of The
Board of Directors
and Audit Committee

Sadık K.S. Abu Hallala
General Manager

Nuri Güzveli
Assistant General
Manager Responsible
for Financial Reporting

Feyzullah Küpeli
Manager

Contact information for questions on this financial report

Name/Title: Feyzullah Küpeli / Manager

Tel No: 0 212 225 05 00

Fax No: 0 212 225 05 26

A Member of Istanbul Stock Exchange & Istanbul Gold Exchange

Valikonağı Caddesi No.: 10 Nişantaşı 34367 İstanbul P.O. Box 150 Şişli 34360 İstanbul / Türkiye
Tel: (0212) 225 05 00 (19 Lines) Fax: (0212) 225 05 26 Telex: 26830 atbk tr

Page No:

SECTION ONE
General Information

I.	Parent Bank's date of establishment, beginning statute, its history including changes on its statute	90
II.	Parent Bank's share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about bank's group	90
III.	Information about the parent Bank's chairman and members of board of directors, members of audit committee, general manager and associate general managers and their qualifications, related changes within the year and their shares at the bank	90
IV.	Information on people and entities who have qualified share in the parent Bank	91
V.	Information about the services and nature of activities of the parent Bank	91

SECTION TWO
Consolidated Financial Statements

I.	Consolidated Balance Sheet	92
II.	Consolidated Statement of Contingencies and Commitments	94
III.	Consolidated Statement of Income	95
IV.	Consolidated Statement of Changes in Shareholders' Equity	96
V.	Consolidated Statement of Cash Flow	97

SECTION THREE
Accounting Policies

I.	Explanation for basis of presentation and footnotes	98
II.	Information on strategy for the use of financial instruments and foreign currency transactions	99
III.	Information on the parent Bank and its consolidated subsidiaries	99
IV.	Information on forward transactions, options and derivative instruments	99
V.	Information on interest income and expense	99
VI.	Information on fees and commission	100
VII.	Information on financial assets	100
VIII.	Information on impairment of financial assets	101
IX.	Information on the netting-off financial instruments	101
X.	Information on sale and repurchase agreements and lending of financial assets	101
XI.	Information on assets held for sale and discontinued operations	101
XII.	Information on goodwill and other intangible assets	101
XIII.	Tangible assets	102
XIV.	Information on leasing activities	102
XV.	Information on provisions and contingent liabilities	102
XVI.	Contingent assets	102
XVII.	Information on liabilities regarding employee rights	103
XVIII.	Information on tax applications	103
XIX.	Additional information on borrowings	103
XX.	Information on share issuances	103
XXI.	Information on bills of exchanges and acceptances	103
XXII.	Information on government incentives	104
XXIII.	Profit reserves and profit distribution	104
XXIV.	Earnings per share	104
XXV.	Related parties	104
XXVI.	Cash and cash equivalents	104
XXVII.	Classifications	104

SECTION FOUR
Information On The Financial Position of The Consolidated Group

I.	Information on consolidated capital adequacy ratio	105
II.	Information on consolidated credit risk	107
III.	Information on consolidated market risk	109
IV.	Information on consolidated foreign currency exchange rate risk	110
V.	Information on consolidated interest rate risk	111
VI.	Information on consolidated liquidity risk	114
VII.	Information on fair values of financial assets and liabilities	115
VIII.	Activities carried out on behalf of and account of third parties, activities based on assurance	116
IX.	Summary information on the parent Bank's rating by international rating institutions	116

SECTION FIVE
Information On Disclosures and Footnotes of Consolidated Financial Statements

I.	Information on disclosures and footnotes of consolidated assets	117
II.	Information on disclosures and footnotes of consolidated liabilities	126
III.	Information on disclosures and footnotes of consolidated off-balance sheets	131
IV.	Information on disclosures and footnotes of consolidated income statements	132
V.	Information on disclosures and footnotes of changes in shareholders' equity	136
VI.	Information on disclosures and footnotes of consolidated cashflow statements	137
VII.	Information on the consolidated Group's risk group	138
VIII.	Information on the parent Bank's domestic, international and off-shore balances and international representatives	139
IX.	Information on disclosures and footnotes of consolidated off-balance sheet items	139

SECTION SIX
Other Disclosures and Footnotes

I.	Other information on the parent Bank's operations	139
----	---	-----

SECTION SEVEN
Information On Independent Auditor's Report

I.	Information on independent auditor's report	139
II.	Information and footnotes related to independent auditor's report	139

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION ONE GENERAL INFORMATION

I. Parent Bank's date of establishment, beginning statute, its history including changes on its statute

Arap Türk Bankası A.Ş. "The Bank" has been established on 18 July 1976 as a joint stock entity in accordance with an agreement signed between the Republic of Turkey and the Libyan Arab Republic. The parent Bank is administrated in conformity with the Articles of Association published in Official Gazette on 18 July 1976 and also as per the "Agreement for the Establishment of a Joint Bank between the Libyan Arab Republic and the Republic of Turkey" dated August 11, 1975. The duration of the Bank is 50 years from the commencement of the Agreement. This period shall be renewable automatically unless agreed otherwise by an Extraordinary General Meeting held at least one year prior to expiration.

In accordance with the Articles of Association, the Board of Directors shall elect a Chairman among its Turkish members and a Deputy Chairman among its Arab members. The General Manager shall always be nominated by the Arab Shareholders and confirmed and retired by the Board.

II. Parent Bank's share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about bank's group

The Bank is a foreign bank incorporated in Turkey. The main shareholder is Libyan Foreign Bank incorporated in Libya, the other foreign shareholder is Kuwait Investment Co. incorporated in Kuwait and Turkish investors; Türkiye İş Bankası A.Ş., T.C. Ziraat Bankası A.Ş. and Emek İnşaat ve İşletme A.Ş. The foreign participation at the share capital is 65%. The main shareholder Libyan Foreign Bank has financial investments in various countries.

III. Information about the Parent Bank's chairman and members of board of directors, members of audit committee, general manager and associate general managers and their qualifications, related changes within the year and their shares at the bank

Name	Job Description	Starting Date of Job	Education Degree	Experience in Banking and Management
A. Aykut Demiray	Chairman of Board of Directors	06.11.2002	University	26 years
Al-Amin Ashour Shallouf	Deputy Chairman of Board	25.10.2001	University	42 years
Ömer Çelebi	Member of the Board	14.04.2005	University	23 years
Atilla Çetiner	Member of the Board	19.09.2002	University	28 years
Khaled M. N. Alhershani	Member of the Board	03.05.2001	University	20 years
Dr Douraid Dergham	Member of the Board	22.06.2006	Doctorate	4 years
Sharef Said Ali Shalabi	Member of the Board	25.10.2001	University	32 years
Mustafa Rajab M. Lagilli	Member of the Board	17.08.2004	University	32 years
Dr. Aisha Salem El Haji	Member of the Board	25.10.2001	Doctorate	19 years
Kenan Bozkurt	Auditor	31.03.2006	University	16 years
Mehmet Karakılıç	Auditor	24.03.2005	University	17 years
Sadek K. S. Abu Hallala	General Manager	23.05.2006	University	23 years
M. Oğuz Teoman	Associate General Manager	02.10.1995	University	30 years
Nuri Güzveli	Associate General Manager	01.12.1996	University	28 years
M. Nageb Hassan Mugber	Associate General Manager	15.09.2006	University	33 years

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Due to Tekfenbank's sale of its shares, Member of the Board Mehmet Nazmi Erten left his title in 2006. Libyan Foreign Bank has not nominated a new board member yet.

Mohammed Benhalima, member of the board left his occupation in 2006 and Dr. Douraid Dergham was appointed on behalf of him.

Kenan Bozkurt was appointed as auditor position which was left by Mehmet Sevindik.

Members of the board, auditors and top level managers do not possess any share in the bank.

IV. Information on people and entities who have qualified share in the parent Bank:

Name Surname/Entity Title	Share Amount	Share Percentage	Paid-in Capital	Unpaid Capital
Libyan Foreign Bank	24.026	58,60 %	24.026	-
T. İş Bankası A.Ş.	8.200	20%	8.200	-
T.C. Ziraat Bankası A.Ş.	6.150	15%	6.150	-

Libyan Foreign Bank, possessor of the 47,69% shares of the Bank has taken over the 10,91% of the parent Bank's shares amounting to YTL 4.472.154 from Tekfenbank A.Ş on 28 June 2006 with the approval of the BRSA dated June 23, 2006.

V. Information about the services and nature of activities of the Parent Bank

The parent Bank is incorporated to mediate commercial activities between Turkey and North African countries. Bank is authorized to gather deposits and operates in corporate banking areas. The parent Bank has three branches; two in Istanbul and one in Ankara. The parent Bank has share participations in a subsidiary operating in financial leasing business.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Balance Sheet As of 31 December 2006

(Thousands of YTL-New Turkish Lira)

SECTION TWO CONSOLIDATED FINANCIAL STATEMENTS

Amounts are expressed in thousands of YTL
CURRENT PERIOD
(31/12/2006)
PREVIOUS PERIOD
(31/12/2005)

ASSETS	Footnotes	YTL	FC	TOTAL	YTL	FC	TOTAL
I. CASH EQUIVALENTS AND BALANCES WITH THE CENTRAL BANK	(5.I.1)	208	24.868	25.076	433	25.521	25.954
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS	(5.I.2)	21.907	72.477	94.384	40.489	66.958	107.447
2.1 Trading Financial Assets		21.907	72.405	94.312	40.489	66.892	107.381
2.1.1 Government Debt Securities		21.907	66.362	88.269	40.489	60.921	101.410
2.1.2 Securities Representing Share in Equity		-	-	-	-	-	-
2.1.3 Other Marketable Securities		-	6.043	6.043	-	5.971	5.971
2.2 Reclassed as Financial Assets at Fair Value Through Profit/Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Securities Representing Share in Equity		-	-	-	-	-	-
2.2.3 Other Marketable Securities		-	-	-	-	-	-
2.3 Trading Financial Derivatives		-	72	72	-	66	66
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(5.I.3)	25.651	11.193	36.844	15.914	17.374	33.288
IV. RECEIVABLES FROM MONEY MARKETS		-	-	-	-	-	-
4.1 Receivables From Money Market Placements		-	-	-	-	-	-
4.2 Receivables From Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables From Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS	(5.I.4)	130	795	925	131	755	886
5.1 Securities Representing Share in Equity		-	-	-	-	-	-
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		130	795	925	131	755	886
VI. LOANS	(5.I.5)	77.105	28.991	106.096	59.579	27.639	87.218
6.1 Loans		77.105	28.991	106.096	59.579	27.639	87.218
6.2 Loans Under Follow-up		6.359	-	6.359	7.492	-	7.492
6.3 Specific Provisions (-)		6.359	-	6.359	7.492	-	7.492
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENTS (NET)	(5.I.6)	18.042	63.592	81.634	4.555	75.040	79.595
8.1 Government Debt Securities		18.042	37.206	55.248	4.555	49.986	54.541
8.2 Other Marketable Securities		-	26.386	26.386	-	25.054	25.054
IX. INVESTMENTS AND ASSOCIATES (NET)	(5.I.7)	-	-	-	-	-	-
9.1 Consolidated Investments and Associates under Equity Method		-	-	-	-	-	-
9.2 Non-Consolidated Investments and Associates		-	-	-	-	-	-
9.2.1 Financial Investments and Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments and Associates		-	-	-	-	-	-
X. SUBSIDIARIES (NET)	(5.I.8)	-	-	-	-	-	-
10.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Non-Consolidated Non-Financial Investments and Associates		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ASSOCIATES	(5.I.9)	-	-	-	-	-	-
11.1 Consolidated Jointly Controlled Associates under Equity Method		-	-	-	-	-	-
11.2 Non-Consolidated Jointly Controlled Associates		-	-	-	-	-	-
11.2.1 Financial Jointly Controlled Associates		-	-	-	-	-	-
11.2.2 Non-Financial Jointly Controlled Associations		-	-	-	-	-	-
XII. RECEIVABLES FROM FINANCIAL LEASE TRANSACTIONS (NET)	(5.I.10)	6.572	51.433	58.005	5.105	42.391	47.496
12.1 Receivables From Financial Leases		8.357	57.442	65.799	6.956	47.526	54.482
12.2 Receivables From Operational Leases		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		1.785	6.009	7.794	1.851	5.135	6.986
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGE PURPOSES	(5.I.11)	-	-	-	-	-	-
13.1 Hedging for Fair Value Risk		-	-	-	-	-	-
13.2 Hedging for Cash Flow Risk		-	-	-	-	-	-
13.3 Hedging for Net Investment Risk in Abroad		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (NET)	(5.I.12)	20.697	-	20.697	21.608	-	21.608
XV. INTANGIBLE ASSETS (NET)	(5.I.13)	372	-	372	502	-	502
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		372	-	372	502	-	502
XVI. TAX ASSETS	(5.I.14)	5.343	-	5.343	9.904	-	9.904
16.1 Current Tax Assets		176	-	176	689	-	689
16.2 Deferred Tax Assets		5.167	-	5.167	9.215	-	9.215
XVII. ASSETS HELD FOR RESALE (NET)	(5.I.15)	1.475	-	1.475	1.842	-	1.842
XVIII. OTHER ASSETS	(5.I.16)	2.499	508	3.007	1.679	1.083	2.762
TOTAL ASSETS		180.001	253.857	433.858	161.741	256.761	418.502

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

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Balance Sheet As of 31 December 2006

(Thousands of YTL-New Turkish Lira)

LIABILITIES and SHAREHOLDERS' EQUITY	Footnotes	Amounts are expressed in thousands of YTL					
		CURRENT PERIOD			PREVIOUS PERIOD		
		(31/12/2006)			(31/12/2005)		
		YTL	FC	TOTAL	YTL	FC	TOTAL
I. DEPOSITS	(5.II.1)	13.283	78.707	91.990	5.340	65.201	70.541
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	-	-	-	-	-	-
III. FUNDS BORROWED	(5.II.3)	1.331	174.790	176.121	530	199.147	199.677
IV. FUNDS FROM MONEY MARKET		40.593	-	40.593	29.369	-	29.369
4.1 Funds From Interbank Money Market		-	-	-	-	-	-
4.2 Funds From Istanbul Stock Exchange Money Market		40.347	-	40.347	20.025	-	20.025
4.3 Funds Provided Under Repurchase Agreements		246	-	246	9.344	-	9.344
V. MARKETABLE SECURITIES ISSUED (NET)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Assed Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		30	2.532	2.562	12	2.494	2.506
VIII. OTHER LIABILITIES	(5.II.4)	673	7.028	7.701	783	2.526	3.309
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (NET)	(5.II.5)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Financial Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(5.II.6)	-	-	-	-	-	-
11.1 Hedging for Fair Value Risk		-	-	-	-	-	-
11.2 Hedging for Cash Flow Risk		-	-	-	-	-	-
11.3 Hedging for Net Investments Risk in Abroad		-	-	-	-	-	-
XII. PROVISIONS	(5.II.7)	4.210	171	4.381	4.940	162	5.102
12.1 General Loan Loss Provision		1.221	-	1.221	1.002	-	1.002
12.2 Restructuring Provision		-	-	-	-	-	-
12.3 Provision for Employee Benefits		2.400	-	2.400	2.620	-	2.620
12.4 Insurance Technical Provision (Net)		-	-	-	-	-	-
12.5 Other Provisions		589	171	760	1.318	162	1.480
XIII. SUBORDINATED LOANS	(5.II.10)	-	16.967	16.967	-	16.122	16.122
XIV. TAX LIABILITY	(5.II.8)	1.620	-	1.620	1.738	-	1.738
14.1 Current Tax Liabilities		1.620	-	1.620	1.738	-	1.738
14.2 Deferred Tax Liabilities		-	-	-	-	-	-
XV. LIABILITIES RELATED TO ASSETS HELD FOR RESALE	(5.II.9)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	91.923	-	91.923	90.138	-	90.138
16.1 Paid-in Capital		41.000	-	41.000	41.000	-	41.000
16.2 Capital Reserves		33.004	-	33.004	33.004	-	33.004
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Fund		-	-	-	-	-	-
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets revaluation Differences		-	-	-	-	-	-
16.2.6 Non-paid-up Shares of Investments and Associates, Subsidiaries and Jointly Controlled Associates		-	-	-	-	-	-
16.2.7 Hedge (Effective portion)		-	-	-	-	-	-
16.2.8 Assets Held for Resale Revaluation Differences		-	-	-	-	-	-
16.2.9 Other Capital Reserves		33.004	-	33.004	33.004	-	33.004
16.3 Profit Reserves		2.800	-	2.800	2.383	-	2.383
16.3.1 Legal Reserves		1.833	-	1.833	1.416	-	1.416
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		967	-	967	967	-	967
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or Loss		15.119	-	15.119	13.751	-	13.751
16.4.1 Prior Years' Income or Loss		13.334	-	13.334	4.975	-	4.975
16.4.2 Current Year Income or Loss		1.785	-	1.785	8.776	-	8.776
16.5 Minority Rights		-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		153.663	280.195	433.858	132.850	285.652	418.502

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

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Off Balance Sheet As of 31 December 2006

(Thousands of YTL-New Turkish Lira)

	Footnotes	Amounts are expressed in thousands of YTL					
		YTL	CURRENT PERIOD (31/12/2006)		YTL	PRIOR PERIOD (31/12/2005)	
			FC	Total		FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		5.013	378.330	383.343	7.629	294.011	301.640
I. GUARANTEES AND SURETIES	(5.III.1)	2.639	275.894	278.533	5.743	255.048	260.791
1.1. Letters of Guarantees		2.639	129.437	132.076	5.743	53.898	59.641
1.1.1. Guarantees Subject to State Tender Law		558	1.119	1.677	4.628	815	5.443
1.1.2. Guarantees given for foreign trade operations		457	97.149	97.606	473	39.505	39.978
1.1.3. Other letters of guarantee		1.624	31.169	32.793	642	13.578	14.220
1.2. Bank acceptances		-	-	-	-	-	-
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	107.455	107.455	-	111.109	111.109
1.3.1. Documentary letters of credit		-	1.121	1.121	-	670	670
1.3.2. Other letters of credit		-	106.334	106.334	-	110.439	110.439
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	39.002	39.002	-	90.041	90.041
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.1.2)	2.374	19.378	21.752	1.886	25.466	27.352
2.1. Irrevocable commitments		2.374	19.378	21.752	1.886	25.466	27.352
2.1.1. Asset purchase commitments		-	-	-	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1.019	-	1.019	968	-	968
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		-	-	-	-	-	-
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		1.355	19.378	20.733	918	25.466	26.384
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	-	83.058	83.058	-	13.497	13.497
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		-	83.058	83.058	-	13.497	13.497
3.2.1. Forward foreign currency purchases/sales		-	-	-	-	-	-
3.2.1.1. Forward foreign currency purchases		-	-	-	-	-	-
3.2.1.2. Forward foreign currency sales		-	-	-	-	-	-
3.2.2. Currency and interest rate swaps		-	83.058	83.058	-	13.497	13.497
3.2.2.1. Currency swaps-purchases		-	931	931	-	6.782	6.782
3.2.2.2. Currency swaps-sales		-	929	929	-	6.715	6.715
3.2.2.3. Interest rate swaps-purchases		-	40.599	40.599	-	-	-
3.2.2.4. Interest rate swaps-sales		-	40.599	40.599	-	-	-
3.2.3. Currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Currency call options		-	-	-	-	-	-
3.2.3.2. Currency put options		-	-	-	-	-	-
3.2.3.3. Interest rate call options		-	-	-	-	-	-
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	-	-	-
3.2.4.1. Currency futures-purchases		-	-	-	-	-	-
3.2.4.2. Currency futures-sales		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		-	-	-	-	-	-
B. ITEMS HELD IN CUSTODY AND PLEDGED (IV+V+VI)		15.607	93.234	108.841	15.175	21.062	36.237
IV. ITEMS HELD IN CUSTODY		13.527	633	14.160	12.830	2.058	14.888
4.1. Customers' securities held		-	-	-	-	-	-
4.2. Investment securities held in custody		7.435	-	7.435	8.764	-	8.764
4.3. Checks received for collection		5.850	142	5.992	3.840	91	3.931
4.4. Commercial notes received for collection		242	491	733	226	1967	2.193
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received through public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		2.080	92.601	94.681	2.345	19.004	21.349
5.1. Securities		-	70.655	70.655	-	-	-
5.2. Guarantee notes		2.038	20.284	22.322	2.154	17.425	19.579
5.3. Commodities		42	1.662	1.704	191	1.579	1.770
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		-	-	-	-	-	-
5.6. Other pledged items		-	-	-	-	-	-
5.7. Pledged items-depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		20.620	471.564	492.184	22.804	315.073	337.877

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

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Income Statement For The Year Ended 31 December 2006

(Thousands of YTL-New Turkish Lira)

INCOME and EXPENSES		Amounts are expressed in thousands of YTL		
		Footnotes	CURRENT PERIOD (31/12/2006)	PRIOR PERIOD (31/12/2005)
I.	INTEREST INCOME	(5.IV.1)	41.139	33.034
1.1	Interest on Loans		9.785	8.730
1.2	Interest Received From Reserve Requirements with the Central Bank of Turkey		493	262
1.3	Interest Received From Banks		4.690	3.391
1.4	Interest Received From Money Market Transactions		5	121
1.5	Interest Received From Marketable Securities Portfolio		20.205	15.175
1.5.1	Trading Financial Assets		11.319	5.980
1.5.2	Financial Assets at Fair Value Through Profit/Loss		-	-
1.5.3	Available-for-Sale Financial Assets		-	-
1.5.4	Held-to-Maturity Investments		8.886	9.195
1.6	Interest Received From Financial Lease Receivables		5.960	4.855
1.7	Other Interest Income		1	500
II.	INTEREST EXPENSE	(5.IV.2)	20.554	10.548
2.1	Interest on Deposits		3.605	1.389
2.3	Interests on Funds Borrowed		11.906	7.500
2.4	Interest on Money market Transactions		4.602	1.539
2.5	Interest on Securities Issued		-	-
2.6	Other Interest Expenses		441	120
III.	NET INTEREST INCOME (I-II)		20.585	22.486
IV.	NET FEES AND COMMISSION INCOME		6.293	7.258
4.1	Fees and Commissions Received		6.714	7.671
4.1.1	Cash Loans		119	27
4.1.2	Non-Cash Loans		1.952	1.582
4.1.3	Other		4.643	6.062
4.2	Fees and Commissions Paid		421	413
4.2.1	Cash Loans		-	-
4.2.2	Non-Cash Loans		150	205
4.2.3	Other		271	208
V.	DIVIDEND INCOME	(5.IV.3)	51	40
VI.	TRADING GAIN/LOSS	(5.IV.4)	112	2.377
6.1	Trading Gains or Losses on Securities (Net)		1.035	188
6.2	Foreign Exchange Gains or Losses		-923	2.189
VII.	OTHER OPERATING INCOME	(5.IV.5)	5.678	748
VIII.	OPERATING INCOME (III+IV+V+VI+VII)		32.719	32.909
IX.	PROVISIONS FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5.IV.6)	1.659	2.727
X.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	24.476	24.091
XI.	NET OPERATING INCOME/ LOSS (VIII-IX-X)		6.584	6.091
XII.	EXCESS REVENUE AFTER ACQUISITION		-	-
XIII.	PROFIT/LOSS FROM ASSOCIATES UNDER EQUITY METHOD		-	-
XIV.	INCOME/ LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXATION (XI+XII+XIII+XIV)	(5.IV.8)	6.584	6.091
XVI.	PROVISION FOR INCOME TAXES (+)	(5.IV.9)	(4.799)	2.685
16.1	Current Tax Provision		(751)	(1.167)
16.2	Deferred Tax Provision		(4.048)	3.852
XVII.	OPERATING INCOME/LOSS AFTER TAXES (XV+XVI)	(5.IV.10)	1.785	8.776
17.1	From Discontinued Operations		-	-
17.2	Other		1.785	8.776
XVIII.	NET INCOME/ LOSS	(5.IV.11)	1.785	8.776
18.1	Income/Loss of Group		1.785	8.776
18.2	Income/Loss of Minority Rights		-	-
	Earnings/Loss per share in YTL full		0,000435	0,002140

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

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Statement of Changes In Shareholders' Equity As of 31 December 2006

(Thousands of YTL-New Turkish Lira)

	Footnotes	Paid-in Capital	Adjustments to Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Shareholders' Equity		Total Shareholders' Equity
															Minority Interest	Total Shareholders' Equity	
PRIOR PERIOD (31/12/2005)																	
I.	BALANCES AT BEGINNING OF PERIOD	29.000	39.004	-	-	935	-	967	-	8.900	2.214	-	-	-	81.010	-	81.010
II.	ADJUSTMENTS TO CAPITAL	-	-	-	-	-	-	-	-	-	352	-	-	-	352	-	352
2.1	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	352	-	-	-	352	-	352
2.2	ADJUSTED BALANCES AT THE BEGINNING OF THE PERIOD (4-I+II)	29.000	39.004	-	-	935	-	967	-	8.900	2.556	-	-	-	81.362	-	81.362
CHANGES DURING THE PERIOD																	
IV.	AVAILABLE-FOR-SALE SECURITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	"AVAILABLE-FOR-SALE" SECURITIES HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1	Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	CURRENT PERIOD NET PROFIT	-	-	-	-	491	-	-	-	8.776	8.409	-	-	-	8.776	-	8.776
X.	PROFIT DISTRIBUTION	-	-	-	-	-	-	-	-	(8.900)	(8.900)	-	-	-	-	-	-
10.1	Dividends	-	-	-	-	-	-	-	-	-	(8.900)	-	-	-	-	-	-
10.2	Transferred to Reserves	-	-	-	-	491	-	-	-	-	(8.900)	-	-	-	-	-	-
10.3	Others	-	-	-	-	-	-	-	-	-	(6.000)	-	-	-	-	-	-
XI.	CAPITAL INCREASE	12.000	(6.000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Revaluation Surplus on Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Bonus Shares of Associates,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4	Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5	Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6	Capital Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7	Adjustments To Paid-in Capital	6.000	(6.000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8	Issuance of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.9	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.0	Others	6.000	-	-	-	-	-	-	-	-	(6.000)	-	-	-	-	-	-
XII.	CHANGES RESULTED FROM RECLASSIFICATION OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	RECLASSIFICATION OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	PRIMARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	SECONDARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	CHANGES IN SUBSIDIARIES EFFECTING BANK'S SHAREHOLDERS' EQUITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of Period (I+II+III+...+XIV+XV+XVI)																	
I.	CURRENT PERIOD (31/12/2006)	41.000	33.004	-	-	1.416	-	967	-	8.776	4.975	-	-	-	90.138	-	90.138
II.	CHANGES DURING THE PERIOD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	AVAILABLE-FOR-SALE SECURITIES HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	"AVAILABLE-FOR-SALE" SECURITIES HEDGES FOR RISK MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	CURRENT PERIOD NET PROFIT	-	-	-	-	417	-	-	-	1.785	8.359	-	-	-	1.785	-	1.785
VIII.	PROFIT DISTRIBUTION	-	-	-	-	-	-	-	-	(8.776)	(8.776)	-	-	-	-	-	-
8.1	Dividends	-	-	-	-	-	-	-	-	-	(417)	-	-	-	-	-	-
8.2	Transferred to Reserves	-	-	-	-	417	-	-	-	(8.776)	-	-	-	-	-	-	-
8.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	CAPITAL INCREASE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2	Revaluation Surplus on Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3	Bonus Shares of Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4	Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5	Capital Reserves From Initiation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6	Adjustments To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7	Issuance of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	CHANGES RESULTED FROM DISPOSAL OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	CHANGES RESULTED FROM RECLASSIFICATION OF ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	PRIMARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	SECONDARY SUBORDINATED DEBTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	OTHERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of Period (I+II+III+...+XIV)																	
		41.000	33.004	-	-	1.833	-	967	-	1.785	13.334	-	-	-	91.923	-	91.923

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

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Statement of Consolidated Cash Flow For The Year Ended At 31 December 2006

(Thousands of YTL-New Turkish Lira)

	Amounts are expressed in thousands of YTL	
	Footnotes	
	CURRENT PERIOD (31/12/2006)	PRIOR PERIOD (31/12/2005)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	2.593	11.778
1.1.1 Interests Received	39.809	34.108
1.1.2 Interest Paid	(20.188)	(10.413)
1.1.3 Dividend Received	51	40
1.1.4 Fees and Commissions Received	6.401	7.671
1.1.5 Other Income	7.246	3.298
1.1.6 Collections From Previously Written-off Loans and Other Receivables	1.209	528
1.1.7 Payments to Personnel and Service Suppliers	(16.780)	(15.103)
1.1.8 Taxes Paid	(1.191)	(1.108)
1.1.9 Others	(13.964)	(7.243)
1.2 Changes in Operating Assets and Liabilities	(2.668)	(65.758)
1.2.1 Net (Increase) Decrease in Financial Assets Held For Trading	13.069	(67.963)
1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss	(6)	-
1.2.3 Net (Increase) Decrease in Due From Banks and Other Financial Institutions	234	524
1.2.4 Net (Increase) Decrease in Loans	(18.878)	(16.245)
1.2.5 Net (Increase) Decrease in Other Assets	(10.293)	(11.986)
1.2.6 Net (Increase) Decrease in Bank Deposits	21.766	25.996
1.2.7 Net (Increase) Decrease in Other Deposits	(327)	557
1.2.8 Net (Increase) Decrease in Funds Borrowed	(11.487)	3.625
1.2.9 Net (Increase) Decrease in Matured Payables	-	-
1.2.10 Net (Increase) Decrease in Other Liabilities	3.254	(266)
I. Net Cash Flow From Banking Operations	(75)	(53.980)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Flow From Investing Activities	3.326	60.341
2.1 Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures	-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures	-	-
2.3 Purchases of Tangible Assets	(330)	(619)
2.4 Sales of Tangible Assets	279	514
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale	-	-
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale	-	-
2.7 Cash Paid For Purchase of Investments Held-to-Maturity	(20.451)	(29.103)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity	23.828	89.551
2.9 Others	-	(2)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Flows From Financing Activities	-	-
3.1 Cash Obtained From Funds Borrowed and Securities Issued	-	-
3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Equity Instruments Issued	-	-
3.4 Dividends Paid	-	-
3.5 Payments For Financial Leases	-	-
3.6 Others	-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents	-	-
V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)	3.251	6.361
VI. Cash and Cash Equivalents at Beginning of Period	(6-I-1)	34.643
VII. Cash and Cash Equivalents at the End of Period	(6-I-1)	41.004

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

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION THREE ACCOUNTING POLICIES

I. Explanations for basis of presentation and footnotes

Preparation of consolidated financial statements and related information and footnotes in compliance with the Turkish Accounting Standards and The Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The consolidated financial statements are prepared; in accordance with the The Regulation on Accounting Applications for Banks and Safeguarding of Documents ("Regulation") published on the Official Gazette no.26333 dated 1 November 2006 related to Turkish Banking Law No 5411; in accordance with accounting and financial reporting standards described in regulations, communiques and other explanations published by the Banking Regulation and Supervision Agency (BRSA), Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances (collectively referred to as "Reporting Standards"). The parent Bank maintains their books of account in New Turkish Lira (YTL) in compliance with Bank's Act, Turkish Commercial Law and Turkish tax regulation.

Consolidated financial statements are prepared in YTL based on historical costs excluding financial assets and liabilities that are shown at their fair values.

Disclosures for the first-time adoption of Reporting Standards

The consolidated financial statements in compliance with the Reporting Standards is first time adopted by the parent Bank as of 31 December 2006 due to Regulation. According to "Turkish Financial Reporting Standard Related To The First Time Adoption of Turkish Financial Reporting Standards" ("TFRS 1") the date of transition to TAS is January 1, 2005; therefore adjustments stated below are applied on financial statements dated 31 December 2005 and 1 January 2005 in comparison with the financial statements of 31 December 2006. In this context reflecting the effects of differences resulted by Reporting Standards on 31 December 2005; the opening balance sheet dated 1 January 2005 has been restated under the accounts "Shareholder's Equity" and "Profit and Loss of Prior Years".

a. The reconciliation of profit reported in the last annual financial statements before the transition of Reporting Standards and the profit reported in accordance with the Reporting Standard is as follows:

	31 December 2005
Net Profit Before Reporting Standards Applications	8.410
Provisions Regarding Employee Rights	(80)
Letter of guarantees and letter of credits commissions	490
Effect of Deferred Tax	(44)
Total Effect on Profit Before Reporting Standards Applications	366
Period Profit After Reporting Standards Applications	8.776

b. The reconciliation of Shareholder's Equity reported according to accounting principles before the transition of Reporting Standards and the Shareholder's Equity reported according to Reporting Standards:

	31 December 2005	1 January 2005
Shareholder's Equity Amount Before Reporting Standards Applications	89.420	81.010
Provisions Regarding Employee Rights	265	345
Letter of guarantees and letter of credits commissions	647	157
Effect of Deferred Tax	(194)	(150)
Total Effect on Shareholder's Equity Before Reporting Standards Applications	718	352
Shareholder's Equity After Reporting Standards Applications	90.138	81.362

c. Reorganization of financial statements in compliance with current purchasing power of money:

The accompanying consolidated financial statements have been adjusted in compliance with the "Turkish Accounting Standards On Financial Reporting In High-Inflationary Economies" ("TAS 29") through on to the date 31 December 2004. In BRSA's Circular no.BDDK.DZM.2/13/-d-5 on 28 April 2005, it was stated that as of January 2005, the majority of the criteria confirming the existence of a hyperinflationary economy are no longer valid. Accordingly, the inflation accounting had been ceased beginning from 1 January 2005.

d. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

II. Information on strategy for the use of financial instruments and foreign currency transactions

The parent Bank's primary operation is banking activities including retail banking, institutional banking and security transactions (treasury transactions) together with international banking services. The parent Bank is collecting deposits as for main funding resources and investing these resources in qualified financial assets. Other than deposits; the parent Bank's most important funding resources are Shareholder's Equity and funds borrowed from international financial institutions. The evaluation of the risk and the return and the balance between placements on various financial assets and the utilization of resources is accomplished through an effective assets and liability management strategy.

The activities done with foreign currency is recorded in accordance with Communiqué No:21 "Effects of Exchange Rate Changes" under the Turkish Accounting Standards. Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions ended as of 31 December 2006 are translated into YTL over the effective exchange rate and is recorded accordingly. At the end of the related periods, foreign currency assets and liability balances outstanding is translated into YTL over the the bank's exchange rates prevailing as of the period end and the resulting exchange rate differences are recorded as foreign exchange gains and losses. The bank's related exchange rates as of the period end are as follows:

	31 December 2006	31 December 2005
US Dollars	YTL 1.4131	YTL 1.3430
Euro	YTL 1.8586	YTL 1.5904

III. Information on consolidated subsidiaries

The accompanying consolidated financial statements are prepared in accordance with TAS 27 "Consolidated and Separate Financial Statements".

The parent Bank directly owns the shares A&T Finansal Kiralama A.Ş. and this subsidiary is consolidated accordingly.

The Bank, as the parent bank, and its subsidiary A&T Finansal Kiralama A.Ş. that is included in consolidation are altogether referred to as "Group" in the disclosures and footnotes related to the consolidated financial statements.

1. With respect to subsidiaries

"Full Consolidation" method has been applied in consolidating the financial statements of the Bank with the financial statements of its subsidiary. According to this method, the financial statements of the Bank and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, income, expenses and off-balance sheet items, in preparing consolidated financial statements. Minority interests are presented separately in the consolidated balance sheet and consolidated income statement.

The major principles of consolidation

1.1 The carrying amount of the Bank's investment in the subsidiary and the Bank's portion of equity of each subsidiary are eliminated.

1.2 All intercompany transactions and intercompany balances between the consolidated subsidiary and the Bank are eliminated.

The financial statements which have been used in the consolidation are prepared as of 31 December 2006 and appropriate adjustments are made to financial statements to use uniform accounting policies for like transactions and events in similar circumstances.

IV. Information on forward transactions, options and derivative instruments

The Group's financial derivatives are classified as "Trading purpose" in accordance with TAS 39.

Liabilities and receivables originated from derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Fair Values of Financial Assets through Profit or Loss" and "Liabilities of Financial Derivatives for Trading" items of the balance sheet depending on the resulting positive or the negative amounts after measurement of contractual value. Gains and losses arising from a change in fair value of after the evaluation is reflected on the financial statements over financial derivatives for trading. The fair value of the financial derivatives are calculated on the basis of the current or discounted cash flow model.

The Group does not have any embedded financial derivatives.

V. Information on interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method.

In accordance with the related regulation, the accrued interest income on non-performing loans are reversed and subsequently recognised as interest income only when collected.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

VI. Information on fees and commission

Commission income and fees and expenses for various banking services are recognized as income when collected, all other commission income and expense items are accounted on accrual basis of accounting.

VII. Information on financial assets

Financial assets classified and accounted under "Financial Assets through Profit or Loss", "Financial Assets Available-for-Sale", "Loans and receivables" or "Financial Assets Held to Maturity". The purchase and sale transactions of the financial assets aforementioned are recognized and derecognized in the financial statements on the basis of "Settlement Date" accounting.

a. Financial Assets through Profit or Loss:

This class has two sub accounts: "Financial Assets Held for Trading Purposes" and those recorded as "Financial Assets that are classified as financial assets through profit or loss" at their initial recognition.

Financial Assets Held for Trading are part of a portfolio aiming to gain profits in short periods over the fluctuations of price in the market independent of the intention of reason of acquisition.

The purchase and sale transactions of financial assets for trading are recognized and derognized from records according to their "Settlement Date" accounting. The financial assets held for trading are initially recognized at cost which includes transaction costs. Subsequent to the initial recognition Financial Assets Held for Trading are measured at their fair value. The gains and losses arising from the change in fair value are recognized in the income statement. The interest income acquired from Financial Assets Held for trading is recorded in the interest income and share profit is recorded in the dividends account.

Financial derivative instruments are classified as financial assets held for trading unless they are stated as for hedging purposes. The information on the accounting of financial derivatives can be found on footnote IV of Section Three.

The Group does not have any financial assets classified as fair value of financial assets through profit or loss.

b. Financial Assets Available-for-Sale:

Financial Assets Available for Sale are financial assets other than those classified as "Loans and Receivables", "Financial Assets Held to Maturity" and "Financial Assets through Profit or Loss".

Debt securities classified as financial assets available-for-sale are measured at their fair values subsequently. Accrued interest income on financial assets available for sale are recognized in the income statement whereas gains and losses arising from the change in the fair values such securities are reflected in the equity "Securities Value Increase Fund". When financial assets available for sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity is transferred to the income statement.

Financial assets available for sale traded in an active market and whose fair values can be reliably measured are valued at market price. However those securities not traded in an active market and whose fair values cannot be reliably measured are reflected at cost net of impairment at financial statements.

c. Loans and Recievables

Loan and receivables are financial assets raised by the parent Bank providing money, commodity and services to debtors. Loans and receivables are recorded at cost and valued subsequently using discounting method with internal rate of return. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are not considered as a part of transaction cost and charged to related expense accounts

Based on the reviews and estimates of the parent Bank management, loans that are identified as being impaired are reclassified as non-performing loans under follow up accounts. Thereby, specific allowances are made against the carrying amounts of these loans in accordance with the "Regulation on Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette No: 26333 dated 1 November 2006.

Specific provisions are recognized in the year's consolidated income statement.

When collections are made on loans that have been provided for, they are credited to the income statement accounts "Provision for Loan Losses or Other Receivables" if the provision was made in the current year otherwise such collections are credited to "Other Operating Income" account with respect to allowances made in the prior years. Non-performing loans which are not possible to be collected are written off after legal follow-ups completed

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

d. Financial Assets Held to Maturity:

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the parent Bank has the intent and ability to hold until maturity, excluding "Loans and receivables". The financial assets held to maturity are recorded at their acquisition cost at their initial recognition and valued using discounting method with internal rate of return after deducting impairments, if any. Interest earned on financial assets held-to-maturity are recognized as interest income on the consolidated income statement.

There are no financial assets that are banned from being classified as investment securities held-to maturity for two years due to the violation of the tainting rule.

VIII. Information on impairment of Financial Assets

For impairment of the financial assets a provision is recorded for impairment and the provision is associated with the expense accounts if the expected future cash flows of financial asset are discounted by using the "Effective interest (internal efficiency) rate method" or (if any) the amount that is recorded by the market price is lower than the carrying value the financial assets. It is accepted there is an impairment, for impairment of the financial assets a provision is recorded for impairment and the provision is associated with the expense accounts.

IX. Information on the netting-off financial instruments

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

X. Information on sale and repurchase agreements and lending of financial assets

Repurchase (repo) and resale (reverse repo) agreements of financial assets are followed at the consolidated balance sheet accounts. Financial assets which are sold to customers under repurchase agreements, are classified according to initial classification and are measured in accordance with the accounting policy of the related portfolio. In the accompanying financial statements the financial assets sold under repurchase agreements are classified at "Financial Assets Held for Trading" account and the measurement is based on fair value. These transactions include government bonds only.

Funds obtained by repurchase agreements are classified under "Funds provided under repurchase agreements" account in the liabilities. The interest expense accruals are calculated by means of effective interest method over the difference resulting from repurchase and sale prices for the relevant period.

Securities subject to repurchase (reverse repo) agreements are reflected under "Receivables from Repurchase Agreements". The difference between the purchase and sale price which is related with the period is recalculated with the effective interest rate method for accrued interest income.

The parent Bank does not have any financial assets that are subject to lending.

XI. Information on assets held for resale and discontinued operations

The parent Bank does not have any discontinued operations.

Assets held for resale are comprised of tangible assets acquired because of non performing loans and is reflected in the consolidated financial statements in accordance with the "Regulation On The Disposals of The Commodities and Properties Acquired Due to Liabilities and The Purchase and Sale of Metals by Banks" dated 1 November 2006 and published on the Official Gazete No.26333.

XII. Information on goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements related to the acquisition of an associate.

The intangible assets are initially recognized at cost including the direct costs attributable to the asset. Subsequently reflected at cost less accumulated amortization and impairment losses.

Softwares classified as other intangible fixed assets are reflected at restated costs for the effects of inflation in YTL units current at 31 December 2004. The useful life of softwares is determined as 5 years. The subsequent expenditures incurred related to the software being used are capitalized, if they develop the original content or increase the useful life of such software otherwise they are expensed. Such costs capitalized are amortized on a straight line basis through the remaining useful life of the software.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

XIII. Tangible assets

Tangible assets are reflected at their restated cost for the effects of inflation in YTL units current at the 31 December 2004 less accumulated depreciation and the impairment losses, if any.

The depreciation of tangible assets is computed using the straight-line method. The depreciation rates used approximate the rates of the useful lives of the tangible assets are as follows:

	%
Buildings	2
Motor Vehicles	20
Furniture, Fixture and Office Equipment	2 - 20
Leasehold Improvements	Leasing Period (2 to 10 years)

In case, the cost amount of the related tangible asset is lower than the "Net realisable value" the value of asset is decreased to its "Net realisable value" and the provision for impairment is reflected to the related expense accounts.

Gains and losses resulting from the sale of tangible assets is the difference between the sales amount and net book amount and recorded into the account "Profit/Loss from Sale of Assets" to be reflected under the "Other Operating Income/Expense" in the financial statements.

Expenditures for maintenance and repairs that are routinely made on tangible assets are charged as expense. Expenditures that extend the capacity of the tangible assets or those that extend the useful life and service capacity of the assets are capitalized.

There are no restrictions such as pledges and mortgages on tangible assets or any purchase commitments.

There are no purchase commitments related to the tangible fixed assets.

There are no expected changes in the accounting estimates related with property and equipment, which could have a significant impact on the current and future periods.

XIV. Information on Leasing activities

Leased assets acquired through financial leases are initially recognized with, the lower of the fair value of the leased asset and the present value of leasing payments. These leased assets are depreciated according to their useful lives and classified tangible assets. In cases where leased assets are impaired, provisions for impairment are reflected. The obligations under financial leases arising from lease contracts are presented in "Financial Lease Payables" accounts in the balance sheet. Interest and exchange rate expenses related to financial leasing are recognized in the income statement. The Bank does not have any financial lease contracts as a "Lessor".

Operational leases are accounted on the basis of contract clauses and accruals.

The gross amount of the lease payments including interest and capital payments of the financial leases done by the "leser" A&T Finansal Kiralama that is included in the consolidation is recorded in the consolidated financial lease receivables account. The difference between the total of the lease payments and the cost of the related tangibles is recorded in the "unearned income" account. The interest income is entered into accounting by calculating a constant period income rate over the net investment amount of the leaser on the leased asset.

XV. Information on provisions and contingent liabilities

Provisions and contingent liabilities are provided for in accordance with the Communiqué No:37 "Provisions, Contingent Liabilities and Contingent Assets" of Turkish Accounting Standards, except for the general and specific provisions set aside for the loans and other receivables.

Provisions are reflected to the accounting records under the situations that there is a legal or structural liability as of the date of the balance sheet, there is a possibility to fulfill the disposal of economically beneficial resources and the amount of the liability can be determined.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation.

XVI. Contingent assets

Contingent assets are usually comprised of unplanned and other unexpected events that incurs the possibility of the flow of economical benefits into the enterprise. Due to the reason that recognition of contingent assets in the financial statements might lead to the recognition of an income that can never be realized; the assets are not reflected in the consolidated financial statements. Contingent assets are disclosed in the footnotes of the financial statements only if the recognition of economical benefits to the enterprise is possible. In order to ensure the appropriate presentation in the consolidated financial statements the contingent assets are reviewed at each balance sheet date. In case the inflow of the economical benefits into the parent Bank is highly realisable and the amount of the benefit can be reliably measured the contingent asset and the related economic benefit is reflected on the consolidated financial statements.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

XVII. Information on liabilities regarding employee rights

Liabilities regarding severance pays and vacations are accounted in compliance with the “Turkish Accounting Standard on Employee Benefits” (“TAS 19”), in the accompanying consolidated financial statements.

In accordance with existing legislation in Turkey, the Group have to make certain lump-sum payments to employees whose employment is terminated due to retirement or reasons other than resignation or misconduct. The provision for severance pay is calculated and reflected on the financial statements by the net value of the possible future liability amount as of today considering the situations of retirement in compliance with the Turkish Labor Law, termination of employment after at least one year of service, leaving due to military obligations and mortality.

XVIII. Information on tax applications

Current tax:

The Group is subject to tax laws and legislation effective in Turkey.

The corporation tax rate effective in Turkey for the fiscal year ended 31 December 2005 was 30%. The corporation tax rate is announced to be 20% beginning on January 1, 2006. Tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2005 - 30%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. Tax declarations and related accounting entries can be investigated by tax authorities up to previous five years.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Dividend payments to individuals and institutions other than these are subject 15% withholding tax. The addition of profit to capital is not counted as a dividend payment and therefore is not subject to withholding tax.

The 75% of the profit incurring from the sale of affiliate shares that have been held at least for two years are subject to tax exemption on condition and properties that such amount is added to the capital in compliance with the Corporate Tax Law or is held in Shareholder's Equity for 5 years.

Deferred taxes:

According to the Turkish Accounting Standard 12 (TAS 12) “Income Taxes”; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances used for taxation purposes.

Deferred tax liabilities are calculated for all taxable temporary differences. Deferred tax assets arising from deductible temporary differences are calculated provided that it is a high probability that taxable profit can be obtained.

Deferred tax asset and liabilities are shown in the accompanying consolidated financial statements on a net basis.

XIX. Additional information on borrowings

Except for financial liabilities that are classified as held for trading and reflected with fair values, all other financial liabilities are initially recognized at cost including transaction costs and remeasured at “amortized cost” using the “effective interest rate” method.

The parent Bank did not issue stocks convertible into bonds.

The parent Bank does not have borrowing instruments issued by itself.

XX. Information on share issuances

None.

XXI. Information on bills of exchanges and acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as commitments in “Off-balance Sheet” accounts.

There are no acceptances presented as liabilities against any assets.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

XXII. Information on government incentives

There are no government incentives utilized by the parent Bank as of 31 December 2006 and 2005.

XXIII. Profit reserves and profit distribution

In the legal financial statements; accumulated profits excluding legal reserves are available for distribution provided that they are dependent on the below stated legal reserve clause.

The Legal reserves are consist of first and second reserves, in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the profits at the rate of 5% until the total reserve reaches a maximum of 20% of the Bank's paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of the 5% of the Company's share capital, however holding companies are not subject to this application

First and second legal reserves can not available for distribution unless they exceed 50% of the paid-in capital, but may be used to absorb losses in the event that general reserve is exhausted.

XXIV. Earnings per share

The earning per share stated in the consolidated income statement is calculated by dividing net profit by the weighted average number of the shares during the current year.

	Current Period 31 December 2006	Prior Period 31 December 2005
Profit Distributable to the Ordinary Shareholders	1.785	8.776
Weighted Average Number of The Ordinary Shares Issued (In Thousands)	4.100.000	4.100.000
Earning per Share (Full YTL)	0.000435	0.002140

XXV. Related parties

For the purpose of accompanying financial statements, shareholders, high level management, the members of the board, in each case together with companies controlled by or affiliated by them associated and jointly controlled entities are considered as Related Parties in compliance with "Declaration of Related Party Standard" (TAS 24).

XXVI. Cash and cash equivalents

Subject to the preparation of cash flow statements "Cash" refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; "Cash equivalent" refers to money market placements time deposits at banks, and investments in financial securities which has original maturity less than three months.

XXVII. Classifications

There are no other classification made on the consolidated financial statements of 31 December 2005 except than the adjustments explained in footnote I-b of Section Three.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION FOUR INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. Information on consolidated capital adequacy ratio

- 1) The Bank's capital adequacy ratio is 31,85% (31 December 2005: 33,24%) and this is significantly higher than the rate required in the regulation.
- 2) The risk measurement methods used in the determination of the capital adequacy ratio:

Parent Bank's interest rate risk is calculated and analyzed in consideration with various dimensions of the issue by the Risk Management Department.

The interest rate risk and currency risk are measured under the scope of the market risk calculated in accordance with the Standard Methods and is included in the capital adequacy ratio calculation.

Using the VaR (Value at Risk) method the effect of changes in risk factors on parent Bank portfolio is calculated on a daily basis. The method is tested with a retrospective testing method.

For the analysis of the effect of interest fluctuations out of the estimations on the parent Bank, stress test analysis are made on a monthly basis.

In addition, various scenario analysis are performed based on possible interest rate estimations and changing expectations of exchange rates.

The interest rate and exchange rate sensitivity of assets, liabilities and off-balance sheets is measured by sensitivity analysis on the level of maturity done on a monthly basis.

The Board of Directors has determined limits in order to restrain interest rate risk by means of the VaR results.

Information on consolidated and non-consolidated capital adequacy standard ratio:

	Parent Bank				Weighted Risk		Consolidated		
	0%	20%	50%	100%	0%	20%	50%	100%	
Value at Credit Risk									
Balance Sheet items (Net)	82.006	31.550	3.895	159.649	86.403	54.233	3.895	193.456	
Cash	980	5	-	-	981	5	-	-	
Due from banks	-	-	-	-	-	-	-	-	
Central Bank of Turkey	6.636	-	-	-	6.636	-	-	-	
Domestic, Foreign Banks and Foreign Headquarter, subsidiaries	-	13.844	-	305	-	36.333	-	305	
Interbank Money Market	-	-	-	-	-	-	-	-	
Receivables from Reverse Repos	-	-	-	-	-	-	-	-	
Special Purpose Financial Inst	17.287	-	-	-	17.287	-	-	-	
Loans	-	784	3.836	100.101	-	784	3.836	100.101	
Loans under follow-up (Net)	-	-	-	-	-	-	-	-	
Financial lease receivables	-	-	-	-	-	-	-	58.005	
Securities Available for Sale	-	-	-	925	-	-	-	925	
Securities Held to Maturity	53.854	16.553	-	9.480	53.854	16.553	-	9.480	
Receivables from sale of assets	-	-	-	-	-	-	-	-	
Miscellaneous receivables	-	-	-	190	-	-	-	190	
Interest and income accruals	1.562	364	59	1.629	1.562	558	59	2.227	
Investments in Associates and Subs.	-	-	-	24.455	-	-	-	-	
Tangible Assets (Net)	-	-	-	21.308	-	-	-	21.392	
Other Assets	1.687	-	-	1.256	6.083	-	-	831	
Off balance sheet items	20.658	110.568	46.032	17.500	20.658	110.523	46.032	22.683	
Guarantees and pledges	20.658	108.135	46.032	17.500	20.658	108.090	46.032	22.683	
Transactions related with derivative financial instruments	-	2.433	-	-	-	2.433	-	-	
Not risk weighted accounts	-	-	-	-	-	-	-	-	
Total risk weighted assets	102.664	142.118	49.927	177.149	107.061	164.756	49.927	216.139	

Summary information on consolidated and non-consolidated capital adequacy standard ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Amount Subject to Loan Risk (I)	274.054	248.462	230.536	210.975
Amount Subject to Market Risk (II)	22.950	39.963	23.513	39.963
Shareholders' Equity	94.595	95.881	89.513	87.551
Shareholders' Equity/(I+II)*100	31,85	33,24	35,23	34,89

(*) As stated in Section Three includes the adjustments done on amounts related to 31 December 2005 according to the Reporting Standards.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY**Consolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Information on Consolidated Shareholder's Equity

CORE CAPITAL	Current Period	Prior Period (*)
Paid-in Capital	41.000	41.000
Nominal capital	41.000	41.000
Capital Commitments (-)	-	-
Adjustment to paid-in capital	33.004	33.004
Share Premium	-	-
Share Cancellation profit	-	-
Legal reserves	1.833	1.416
First legal reserve (Turkish Commercial Code 466/1)	1.833	1.416
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	967	967
Reserves allocated by the General Assembly	967	967
Retained earnings	-	-
Accumulated loss	-	-
Exchange rate differences on foreign currency capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	15.119	13.751
Current period profit	13.334	4.975
Prior period profit	1.785	8.776
Unrestricted provisions up to 25% of the main capital that are held for possible risks	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	-	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	15	60
Prepaid Expenses (-)	335	247
Intangible Assets (-)	357	442
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	91.216	89.389
SUPPLEMENTARY CAPITAL		
General Provisions	1.221	1.002
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-	-
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	2.938	6.285
45% of Securities Value Increase Fund	-	-
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	-	-
Adjustment to Capital Reserves, Profit Reserves and prior years' P/L (excluding Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Supplementary Capital Total	4.159	7.287
TIER III CAPITAL	-	-
CAPITAL	95.375	96.676
DEDUCTIONS FROM CAPITAL	780	795
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loans granted to Customers against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	780	795
Other	-	-
TOTAL SHAREHOLDER'S EQUITY	94.595	95.881

(*) As stated in Section Three includes the adjustments done on amounts related to 31 December 2005 according to the Reporting Standards.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

II. Information on consolidated credit risk

1. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals:

For credit risk analysis, cash and non-cash loans granted to a debtor or debtors' group is subject to a risk classification in proportion to the parent Bank's shareholders' equity. In addition the geographical regions and sectoral distribution is investigated periodically and distributions are revised according to the market conditions. The general and other periodical limits of a firm are renewed every year. And the extending of loans throughout the day are made with the mentioned limits.

Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis:

Limit assignments, controls over loan granting process, marketing strategies, matters related to the daily operations and pay-back process are determined in the parent Bank's credit procedures. Issues related to the daily based transactions (especially extending of cash loans) are managed in coordination by credit and treasury departments.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables:

Loans and other receivables, are being followed periodically as per the "Regulation On The Principals And Procedures Related To The Determination Of The Loans And Other Receivables For Which Provisions Shall Be Set Aside By Banks And To The Provisions To Be Set Aside". Financial statements of the debtors are examined as per the regulation, loan limits are being updated in parallel to the economic conditions under the authorization of the Credit Evaluation Committee and the Top Management. The parent Bank obtains sufficient guarantees for the loans and the other receivables. Firms that the parent Bank works with credit is composed of the top level firms of Turkey, therefore most of the collaterals taken are "firm signature or guarantee". Beside from this third party guarantees, furthermore mortgage, other bank guarantees, cash blockage, customer or personal checks are also obtained. The guarantees obtained are in parallel with the market conditions and other banks collateral conditions.

2. Information on the control limits of the parent Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions.

There are risk control limitations implemented against credit risk and market risk over forward transactions, options and similar contracts.

3. Information on whether the parent Bank decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not.

The parent Bank did not perform such kind of transaction in this period.

4. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight with non-performing loans or not

Indemnified non-cash loans are evaluated as having the same risk weight with non-performing loans. These loans are classified according to their commitments and are recorded in the follow-up accounts.

Information on whether the loans that are structured and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are taken for these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are structured and rescheduled are included in a new rating group as determined by bank's risk management system, other than the follow-up plan defined in the banking regulations. The Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk and periodical follow-up for these loans are performed.

5. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities:

The parent Bank has no banking activities abroad on the branch level. However in the loan giving processes to the foreign based firms the economic conditions of the country and the financial structure of the company in question is taken into consideration while determination on loans.

Evaluation of the parent Bank's competitive credit risk being an active participant of the international banking transactions market

The parent Bank is not an active participant in the International Banking Transactions Market and do not possess an important risk concentration.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

6. Group's

a) The share of the top 100 cash loan customers in total loan cash loans portfolio:

The share of the top 100 cash loan customers comprise 99,43% of the total cash loans portfolio of the Group.

b) The share of the top 100 non-cash loan customers in total loan non-cash loans portfolio:

The share of the top 100 non-cash loan customers comprise 99,94% of the total non-cash loans portfolio of the Group.

c) The share of the total cash and non-cash loan balance of the top 100 loan customers in total assets and off-balance sheet items:

The Group's total cash and non-cash loans from its top 100 loan customers comprise 40,91% of the total assets and off-balance sheet items.

7. The general provision amount provided by the parent Bank for credit risk

The general provision amount provided by parent Bank for the credit risk is YTL 1.221 (31 December 2005: YTL 1.002).

8. Information according to geographical concentration:

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	417.415	78.284	150.367	-	1.785
European Union Countries	816	20.069	2.433	-	-
OECD Countries*	6.878	366	-	-	-
Off-Shore Banking Regions	-	-	-	-	-
USA, Canada	54	1.288	-	-	-
Other Countries	8.695	240.575	125.733	-	-
Affiliates and jointly controlled subsidiaries	-	-	-	-	-
Unallocated Assets/Liabilities**	-	1.353	-	-	-
Total	433.858	341.935	278.533	-	1.785

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	414.382	62.135	147.462	-	8.776
European Union Countries	1.724	11.601	8.838	-	-
OECD Countries*	197	883	2.217	-	-
Off-Shore Banking Regions	-	-	-	-	-
USA, Canada	156	1.248	-	-	-
Other Countries	2.043	251.150	102.274	-	-
Affiliates and jointly controlled subsidiaries	-	-	-	-	-
Unallocated Assets/Liabilities**	-	1.347	-	-	-
Toplam	418.502	328.364	260.791	-	8.776

* OECD Countries excluding European countries, USA and Canada

** Assets and liabilities that can not be allocated in a consistent manner

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

9. Sector concentrations for cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	-	0,00	-	0,00	-	0,00	-	0,00
Farming and Raising								
Livestock	-	0,00	-	0,00	-	0,00	-	0,00
Forestry	-	0,00	-	0,00	-	0,00	-	0,00
Fishing	-	0,00	-	0,00	-	0,00	-	0,00
Manufacturing	-	0,00	-	0,00	-	0,00	-	0,00
Mining	-	0,00	-	0,00	-	0,00	-	0,00
Production	-	0,00	-	0,00	-	0,00	-	0,00
Electric, gas and water	-	0,00	-	0,00	-	0,00	-	0,00
Construction	3.200	4,15	3.002	10,35	3.621	6,08	5.777	20,90
Services	73.674	95,55	25.989	89,65	55.772	93,61	21.862	79,10
Wholesale and retail trade	13.621	17,67	18.277	63,05	8.748	14,68	18.120	65,56
Hotel, food and beverage								
Services	-	0,00	-	0,00	-	0,00	-	0,00
Transportation and								
Telecommunication	-	0,00	-	0,00	-	0,00	-	0,00
Financial institutions	60.053	77,88	7.712	26,60	47.024	78,93	3.742	13,54
Real estate and renting								
Services	-	0,00	-	0,00	-	0,00	-	0,00
Self-employment services	-	0,00	-	0,00	-	0,00	-	0,00
Education services	-	0,00	-	0,00	-	0,00	-	0,00
Health and social services	-	0,00	-	0,00	-	0,00	-	0,00
Other	231	0,30	-	0,00	186	0,31	-	0,00
Total	77.105	100,00	28.991	100,00	59.579	100,00	27.639	100,00

III. Information on consolidated market risk

Whether the parent Bank within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk:

The parent Bank's market risk is calculated on a monthly basis using the "Standard Method". Exchange rate risk, one of the market risks, is also calculated on a weekly basis.

Interest rate risks and exchange rate risks, factors of the market risks, are periodically analysed using different methods (ratio analysis, duration, Gap, sensitivity, etc.).

In addition, the effect of the changes in risk factors on Bank portfolio is calculated using VaR on a daily basis. With stress testing methods, the effect of extraordinary fluctuations of risk factors on the parent Bank is measured on a monthly basis and in case the necessity arises. Different scenarios based on changes in risk factors are measured with scenario analysis. All the analysis mentioned above are tested in a retrospective manner to ensure the reliability of the tests.

The Board of Directors has determined limits at the level of risk factors in order to restrain the market risk.

a) Information related to market risk

	Value
(I) Capital Obligation against General Market Risk - Standard Method	1.096
(II) Capital Obligation against Specific Risks - Standard Method	97
(III) Capital Obligation against Currency Risk - Standard Method	643
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	-
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	1.836
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	22.950

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY**Consolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

b) Information related to market risk calculated by the month ends of the current period

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	13.403	16.700	7.088	15.775	32.425	7.013
Common Share Risk	-	-	-	-	-	-
Currency Risk	11.475	15.038	8.038	9.834	12.838	7.938
Commodity Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Options Risk	-	-	-	-	-	-
Total Value at Risk	24.878	31.738	15.126	25.609	45.263	14.951

IV. Information on consolidated foreign currency exchange rate risk**1. Whether the Group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the board of directors of the bank sets limits for positions that are monitored daily:**

The Group is not in a position to be exposed a significant exchange rate risk. The Group has a policy of holding its foreign currency position in a balance and does not take position for speculative reasons. The Group has the possibility to borrow a significant amount of foreign currency.

Within the context of the market risk management work of the Risk Management Department, the parent Bank's exchange rate risk is calculated and analysed taking different dimensions of the issue in consideration. The exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. Using the VaR method, the effect of the changes in risk factors are calculated on a daily basis. The method is tested in a retrospective manner. To test the effect of the exchange rate fluctuations on the Bank monthly based stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

The Board of Directors has not determined limits to restrain exchange rate risk.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using hedging derivatives:

The Group does not have any financial derivatives used for hedging.

3. Foreign exchange risk management policy:

The Group does not take any parity or exchange rate risk, transactions are being hedged according to the Central Bank of Turkey's basket of currencies instantly. Managable and measurable risks are taken in the scope of the regulatory limits.

4. Foreign exchange buying rates of the last five business days before the balance sheet date as publicly announced by the parent Bank, are as follows:

USD Foreign Exchange Buying Rate as of balance sheet date	YTL 1.4131
EUR Foreign Exchange Buying Rate as of balance sheet date	YTL 1.8586

Date	US Dollars	EURO
25 December 2006	YTL 1.4186	YTL 1.8725
26 December 2006	YTL 1.4222	YTL 1.8686
27 December 2006	YTL 1.4198	YTL 1.8650
28 December 2006	YTL 1.4192	YTL 1.8668
29 December 2006	YTL 1.4131	YTL 1.8586

5. The basic arithmetical average of the bank's foreign exchange bid rate for the last thirty days:

The basic arithmetical average of the Bank's foreign exchange bid rate for December 2006 is YTL 1.4248 for USD and YTL 1.8818 for EUR.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Information on Currency Risk:

Current Period	Euro	US Dollars	JPY	Other	Total
Assets					
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	351	24.353	-	164	24.868
Due from Banks and Other Financial Institutions	3.695	6.873	2	623	11.193
Financial Assets through Profit or Loss	5.395	67.082	-	-	72.477
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	-	795	-	-	795
Loans (*)	16.315	40.311	-	-	56.626
Investments in Subsidiaries and Associates	-	-	-	-	-
Investment Securities Held-to-Maturity	14.371	49.221	-	-	63.592
Financial Derivatives (Assets)	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	45.410	6.531	-	-	51.941
Total Assets	85.537	195.166	2	787	281.492
Liabilities					
Bank Deposits	25.276	21.134	-	43	46.453
Foreign Currency Deposits	9.875	21.947	-	432	32.254
Interbank Money Markets	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	43.473	148.284	-	-	191.757
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	388	2.119	-	25	2.532
Financial Derivatives (Liabilities)	-	-	-	-	-
Other Liabilities	5.797	1.311	-	91	7.199
Total Liabilities	84.809	194.795	-	591	280.195
Balance Sheet Position, net	728	371	2	196	1.297
Off-Balance Sheet Position, net	(929)	931	-	-	2
Financial Derivatives (Assets)	3.717	37.813	-	-	41.530
Financial Derivatives (Liabilities)	4.646	36.882	-	-	41.528
Non-Cash Loans	70.472	194.579	-	10.843	275.894
Prior Period					
Total Assets	78.177	207.477	2	433	286.089
Total Liabilities	85.153	199.959	-	540	285.652
Balance Sheet Position, net	(6.976)	7.518	2	(107)	437
Off-Balance Sheet Position, net	6.782	(6.715)	-	-	67
Financial Derivatives (Assets)	6.782	-	-	-	6.782
Financial Derivatives (Liabilities)	-	(6.715)	-	-	(6.715)
Non-cash Loans	82.060	163.138	-	9.850	255.048

(*) Includes the loans indexed to foreign currency amounting to 27.635 YTL

V. Information on consolidated interest rate risk

1. Interest rate sensitivity of the assets, liabilities and off-balance sheet:

Within the context of the market risk management of the Risk Management Department, the parent Bank's Exchange rate risk is calculated and analysed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. Using the VaR method, the effect of the changes in risk factors are calculated on a daily basis. The method in question is tested in a retrospective manner. To test the effect of the exchange rate fluctuations on the Bank monthly based stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

In addition, scenario analysis are performed based on possible interest rate estimations obtained by changing expectations of risk factors. The sensitivity of assets, liabilities and off-balance sheets is measured by sensitivity analysis using the maturity ladder prepared on a monthly basis.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

2. The expected effects of the fluctuations of market interest rates on the group's financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates:

The Board of Directors has determined limits in order to restrain interest rate risk by means of the VaR results.

3. The precautions taken for the interest rate risk the parent Bank was exposed to during the current year and their expected effects on net income and shareholders' equity in the future periods:

Although the increase in interest rates have a limited negative effect on the parent Bank's financial position the parent Bank's Equity structure is able to confront the negative effects of possible fluctuations in the interest rates.

Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

Current Period	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 Year and Over	Non- Interest Bearing(*)	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	6.685	17.405	-	-	-	986	25.076
Due from banks and other financial institutions	36.338	-	-	-	12	494	36.844
Financial Assets through Profit or Loss	5.421	37.400	28.962	12.876	9.725	-	94.384
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	925	925
Loans	52.683	40.621	12.271	410	111	-	106.096
Investment securities held-to-maturity	-	34.990	-	10.590	36.054	-	81.634
Other assets	2.915	4.130	6.149	14.669	30.455	30.581	88.899
Total assets	104.042	134.546	47.382	38.545	76.357	32.986	433.858
Liabilities							
Bank deposits	58.478	-	-	-	-	-	58.478
Other deposits	5.404	4.027	2.656	2.365	-	19.060	33.512
Interbank money markets	40.593	-	-	-	-	-	40.593
Miscellaneous payables	-	-	-	-	-	2.562	2.562
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Instruments	2.196	170.412	19.210	496	774	-	193.088
Other liabilities	186	2.037	2.298	201	1	100.902	105.625
Total liabilities	106.857	176.476	24.164	3.062	775	122.524	433.858
Long Position in the Balance Sheet	-	-	23.218	35.483	75.582	-	134.283
Short Position in the Balance Sheet	(2.815)	(41.930)	-	-	-	(89.538)	(134.283)
Long Position in the Off-balance Sheet	2	20.816	19.783	-	-	-	40.601
Short Position in the Off-balance Sheet	-	-	-	-	-	(40.599)	(40.599)
Total Position	(2.813)	(21.114)	43.001	35.483	75.582	(130.137)	2

(*) Other Assets : Non-Interest Bearing column is composed of Miscellaneous Receivables amounting to YTL 190, Tangible Assets amounting to YTL 20.697, Intangible Assets amounting to YTL 372, Deferred Tax Assets amounting to YTL 5.167, Assets Held for Resale amounting to YTL 1.475 and Other Assets amounting to YTL 2.680.

Other Liabilities : Non-Interest Bearing Column is composed of Shareholders' Equity amounting to 91.923, Provisions amounting to YTL 4.381, Tax, Duty and Premium Payable amounting to YTL 1.620 and Other Foreign Resources amounting to YTL 2.978.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	6.686	17.745	-	-	-	1.523	25.954
Due from banks and other financial institutions	30.046	2.757	-	-	11	474	33.288
Financial assets through profit or loss	171	35.475	26.977	18.494	26.330	-	107.447
Interbank money market placements	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	886	886
Loans	40.608	41.847	4.120	522	121	-	87.218
Investment securities held-to-maturity	732	15.884	-	7.033	55.946	-	79.595
Other assets	3.037	3.709	4.918	12.515	23.094	36.841	84.114
Total assets	81.280	117.417	36.015	38.564	105.502	39.724	418.502
Liabilities							
Bank deposits	36,692	-	-	-	-	-	36,692
Other deposits	7.103	3.992	2.237	786	-	19.731	33.849
Interbank Money Markets	29,369	-	-	-	-	-	29,369
Miscellaneous payables	-	-	-	-	-	2,506	2,506
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Instruments	127,804	64,400	23,196	399	-	-	215,799
Other liabilities	166	-	-	-	-	100,121	100,287
Total Liabilities	201.134	68.392	25.433	1.185	-	122.358	418.502
Balance Sheet Long Position	-	49,025	10,582	37,379	105,502	-	202,488
Balance Sheet Short Position	(119,854)	-	-	-	-	(82,634)	(202,488)
Off Balance Sheet Long Position	67	-	-	-	-	-	67
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(119.787)	49.025	10.582	37.379	105.502	(82.634)	67

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

4. Average interest rates applied to monetary financial instruments: %

End of Current Period	EURO	USD	JPY	YTL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	2,52	-	13,12
Due from banks and other financial institutions	2,49	5,26	-	20,14
Financial assets through profit or loss	4,15	6,17	-	15,57
Money market placement	-	-	-	-
Investment securities available-for-sale	-	-	-	-
Loans	6,00	7,11	-	19,73
Investment securities held-to-maturity	7,65	6,68	-	21,63
Financial Lease Receivables	8,45	9,27	-	22,56
Liabilities				
Interbank deposits	-	-	-	18,52
Other deposits	2,19	2,24	-	16,48
Borrowings from money market	-	-	-	18,01
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	5,00	5,66	-	15,00
End of Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	2,03	-	10,25
Due from banks and other financial institutions	2,61	4,66	-	18,20
Financial Assets Through Profit or Loss	4,44	6,33	-	15,01
Money market placements	-	-	-	-
Investment securities available-for-sale	-	-	-	-
Loans	5,42	6,69	-	15,59
Investment securities held-to-maturity	8,28	7,59	-	14,20
Financial Lease Receivables	9,06	9,21	-	22,23
Liabilities				
Interbank deposits	-	-	-	15,19
Other deposits	2,56	2,26	-	14,90
Borrowings from money market	-	-	-	14,98
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	3,74	4,62	-	12,46

VI. Information on consolidated liquidity risk

1. Restrictions on fund sources established by the board of directors for the purpose of meeting urgent liquidity demand and making payments for matured debts

Parent Bank's liquidity risk has been analysed within the context of risk management operations. Within this context parent Bank's liquidity risk has been analysed by common ratio analysis and liquidity position analysis based on payment terms.

2. Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured:

The main reason of liquidity risk is the existence of long term assets versus short term funds borrowed from abroad. On the other hand, these short term funds have the capability of being renewed. Parent Bank has strong fund sources besides there is no restriction on fund sources for the purpose of meeting urgent liquidity demand and making payments for matured debts. As a result of this, the parent Bank has not been encountered with liquidity problems and there is no expectation of possible liquidity risk for the future for the bank.

3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized:

Shareholder's Equity has an important portion in the funding resources. The parent Bank is also capable of funding itself through domestic money markets and funding resources provided by its main shareholder.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Presentation of assets and liabilities based on their outstanding maturities:

End of Current Period	Demand Deposit	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Unallocated*	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	1.068	24.008	-	-	-	-	-	25.076
Due from banks and other financial institutions	1.872	34.960	-	-	-	12	-	36.844
Financial Assets through Profit or Loss	-	160	1.820	876	12.876	78.652	-	94.384
Money Market Placements	-	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	-	925	925
Loans	-	51.380	14.884	12.647	12.711	14.474	-	106.096
Investment securities held-to-maturity	-	-	1.724	-	10.590	69.320	-	81.634
Other assets	3.495	2.915	4.130	6.325	14.669	28.584	28.781	88.899
Total Assets	6.435	113.423	22.558	19.848	50.846	191.042	29.706	433.858
Liabilities								
Interbank Deposits	46.453	12.025	-	-	-	-	-	58.478
Other Deposits	19.060	5.404	4.027	2.656	2.365	-	-	33.512
Funds provided from other financial institutions	-	185	137.219	9.081	14.479	32.124	-	193.088
Borrowings from money market	-	40.593	-	-	-	-	-	40.593
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1.928	-	-	-	634	-	2.562
Other liabilities	3.486	2.223	3.049	201	-	362	96.304	105.625
Total Liabilities	68.999	62.358	144.295	11.938	16.844	33.120	96.304	433.858
Liquidity Gap	(62.564)	51.065	(121.737)	7.910	34.002	157.922	(66.598)	-
Prior Period								
Total Assets	16.498	88.988	36.520	19.185	45.071	184.072	28.168	418.502
Total Liabilities	56.665	164.595	36.960	8.938	16.486	44.986	89.872	418.502
Net Liquidity Gap	(40.167)	(75.607)	(440)	10.247	28.585	139.086	(61.704)	-

* Other assets at the unallocated part consists of Tangible Assets amounting YTL 20.697, Intangible Assets amounting to YTL 372, Office Supply Inventory amounting to YTL 106, Prepaid Expenses amounting to YTL 335 and Deferred Tax Asset amounting to YTL 5.167, Asset Held For Resale amounting to YTL 1.475 and Other amounting to YTL 629. Other liabilities at the unallocated part consists of Shareholders Equity amounting to YTL 91.923 and Provisions amounting to YTL 4.381.

VII. Information on fair values of financial assets and liabilities

The fair value of the held to maturity financial assets; in case of situations where market price or fair value can not be determined; is calculated over the quoted market prices of other investment securities that are of the same interest, maturity and similar in other clauses.

The estimated fair value of the demand deposit represents the amount to be paid at the moment of demand. Placements of changing rates and the fair value of the overnight deposit equal to their book values. The fair value of the fixed yield deposit is calculated over the cash flow discounted using the market interest rates applicated on similar borrowing and other payables.

The estimated fair value of the loans is calculated over the cash flow discounted using the market interest rates applicated on the constant interest loans. The carrying values of floating-rate loans are deemed a reasonable proxy for their fair values.

In the table below; fair values and book values of some of the financial assets and liabilities are presented. The book value of the assets and liabilities is the total of the first acquisition cost and accumulated interest accruals.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	283.504	248.483	283.715	257.606
Interbank Money market placements	-	-	-	-
Due from banks and other financial institutions	36.844	33.288	36.844	33.288
Investment securities available-for-sale	925	886	925	886
Investment securities held-to-maturity	81.634	79.595	82.424	88.718
Loans	106.096	87.218	105.517	87.218
Financial Lease Recievables (Net)	58.005	47.496	58.005	47.496
Financial Liabilities	328.233	318.215	328.233	318.215
Interbank deposits	99.071	66.061	99.071	66.061
Other Deposits	33.512	33.849	33.512	33.849
Funds provided from other financial institutions	193.088	215.799	193.088	215.799
Marketable securities issued	-	-	-	-
Miscellaneous Payables	2.562	2.506	2.562	2.506

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

VIII. Activities carried out on behalf of and account of third parties, activities based on assurance

1. Information on whether Group carries out trading, custody, consulting, management services for third parties:

The Group carries out trading of government bonds and treasury bills and repurchase agreements on others' behalf and account. Apart from such services; the Group does not carry out any other trading, custody, management and consulting services on behalf and account of others.

2. Information on fiduciary transactions with other financial institutions or direct financial services given within the context of fiduciary transactions to other financial institutions and possible affects of such transactions on bank's financial situation:

The are no transactions based on assurance.

IX. Summary information on the parent Bank's rating by international rating institutions:

The rating of the parent Bank by international rating institution Fitch as of June 30, 2006 is as follows:

<u>Fitch Ratings:</u>	<u>June 2006</u>
Foreign Currency Transactions	
Long Term	B
Short Term	B
Outlook	Stable
Local Currency	
Long Term	B
Short Term	B
Outlook	Stable
National	
Long Term	BBB(tur)
Outlook	Stable
Individual Rating	D
Support Note	5

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

SECTION FIVE INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS

1. Information on cash equivalents and Central Bank of Turkey:

Information on cash equivalents:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash/Effective	121	860	57	1.094
Central Bank of Turkey	87	24.003	376	24.427
Other	-	5	-	-
Total	208	24.868	433	25.521

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	87	-	376	-
Unrestricted Time Deposits	-	6.598	-	6.682
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	17.405	-	17.745
Total	87	24.003	376	24.427

Information on statutory provisions:

The banks operating in Turkey keep reserve deposits for turkish currency and foreign currency liabilities in YTL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. As of 31 December 2006 interest rates applied for reserve requirements by the Central Bank of Turkey are 13,12% for YTL deposits and 1,73% for Euro and 2,52% US Dollars deposits.

2. Additional information on financial assets at fair value through profit/loss subject to repurchase agreements and provided as collateral/blocked

a) Among financial assets through profit or loss as of 31 December 2006; YTL 265 is subjected to repurchase transactions (31 December 2005: YTL 10.060), and YTL 64.743 is provided as collateral /blocked (31 December 2005: YTL 58.605).

b) Positive differences on trading derivative instruments

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	72	-	66
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	72	-	66

3. Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Domestic banks	25.651	3.478	15.914	15.806
Foreign banks	-	7.715	-	1.568
Foreign headoffices and branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	25.651	11.193	15.914	17.374

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

3.1 Information on overseas bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current period	Prior period	Current period	Prior period
European Union Countries	744	804	-	2
USA, Canada	42	147	12	9
OECD Countries (*)	6.624	197	-	-
Off-Shore Banking Regions	-	-	-	-
Other	293	409	-	-
Total	7.703	1.557	12	11

* OECD countries except EU Countries, Canada and USA

4. Information on available for sale financial assets:

4.1 Major types of available for sale financial assets

Available for sale financial assets through profit or loss are composed shares that are not active in the stock market.

4.2 Information on available for sale financial assets

	Current period	Prior period
Debt Securities		
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
Share Certificates	925	886
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	925	886
Impairment provision (-)	-	-
Total	925	886

5. Information on Loans:

5.1 Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	6.003	4.076	12.202	51.144
Corporate Shareholders	6.003	4.076	12.202	51.144
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	3.596	62.380	14.259	13.281
Loans Granted to Employees	220	7	165	22
Total	9.819	66.463	26.626	64.447

5.2 Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-specialized loans	106.096	-	-	-
Discount Notes	3.447	-	-	-
Export loans	13.986	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	60.053	-	-	-
International loans	4.412	-	-	-
Consumer loans	231	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	23.967	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	106.096	-	-	-

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

5.3 Cash loans according to their maturity structure

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short Term Loans and Other Receivables	87.910	-	-	-
Non-specialized loans	87.910	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and Other Receivables	18.186	-	-	-
Non-specialized loans	18.186	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	106.096	-	-	-

5.4 Information on consumer loans, credit cards and loans given to employees:

	Short Term	Medium and Long Term	Total
Consumer Loans-YTL	10	4	14
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	10	4	14
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- YTL	40	177	217
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	40	177	217
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-YP	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-YTL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	50	181	231

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

5.5 Information on installment corporate loans and corporate credit cards

The parent Bank does not have installment corporate loans and corporate credit cards.

5.6 Classification of loans based on customers

	Current Period	Prior Period
Public	-	-
Private	106.096	87.218
Total	106.096	87.218

5.7 Classification of loans based on domestic and foreign

	Current Period	Prior Period
Domestic loans	98.235	85.423
Foreign loans	7.861	1.795
Total	106.096	87.218

5.8 Loans granted to affiliates and subsidiaries

In the current period there is no loans granted to subsidiaries and investments.

5.9 Specific provisions for loans

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	6.359	7.492
Total	6.359	7.492

5.10 Information on non-performing loans (Net)

5.10.1 In the current period there are no non-performing loans and receivables restructured or rescheduled.

5.10.2 Information on movement of total non-performing loans

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	-	-	7.492
Additions (+)	645	-	21
Transfers from other categories of non performing loans (+)	-	-	-
Transfers to other categories of non performing loans (-)	-	-	-
Collections (-)	645	-	564
Write-offs (-)	-	-	590
Balances at End of the Period	-	-	6.359
Specific provisions (-)	-	-	6.359
Net Balance on Balance Sheet	-	-	-

5.10.3 Information on non-performing loans and other receivables in foreign currencies

In the current period there is YTL 2.038 of non-performing loan receivables in foreign currency which is followed in YTL accounts.

5.11 Main points of liquidation policy for uncollectible loans and receivables

Uncollectible loans and other receivables are collected through the legal following and converting collaterals into cash.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

6. Information on held to maturity financial assets:

6.1 Information on held to maturity financial assets (net):

There is no repurchase transaction related to investment securities held to maturity. As of 31 December 2006 YTL 18.042 is provided as collateral/blocked for guarantee (At 31 December 2005: YTL 4.555).

	Current Period	Prior Period
Debt securities	84.618	81.730
Quoted	18.042	4.555
Not quoted	66.576	77.175
Impairment loss provision	(2.984)	(2.135)
Total	81.634	79.595

6.2 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	79.595	144.168
Foreign Currency Gains / Losses on Monetary assets	4.987	(7.703)
Purchases during the Period	21.823	32.963
Disposals through sales and redemptions (*)	(23.828)	(89.551)
Impairment loss provision (**)	(943)	(282)
Period end balance	81.634	79.595

(*) YTL 17.105 of this amount consisted of the dollar based government bonds maturing in 26.09.2016 issued by Turkish Treasury which is supplied by the Bank. BDDK has given permission to the swap transaction and reclassification of the new bonds in a different portfolio. Remaining YTL 6.723 belongs to redemption of investments held to maturity .

(**) Represents provisions allocated for impairment in the current year.

6.3 Information on accounts in which held to maturity instruments are reflected

	Current Period	Prior Period
Government bonds	18.042	4.555
Treasury Bonds	-	-
Other Public Bonds	37.206	49.986
Other	26.386	25.054
Total	81.634	79.595

7. Information on Affiliates

The Group does not have an affiliate as of 31 December 2006 and 2005.

8. Information on subsidiaries (Net):

8.1 Information on consolidated subsidiaries

8.1.1 The parent Bank does not have a subsidiary that is not included in consolidation.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

8.1.2 Summary information on consolidated subsidiaries

	Description	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	A&T Finansal Kiralama A.Ş	İSTANBUL	99,98	99,98

Important financial statements of the subsidiary:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value (*)
1	85,595	29,695	84	9.105	-	778	2.642	24.455

(*) As fair value; the amounts that are reflected on the financial tables that is calculated by the deduction of impairment (if any) from the cost.

8.2 Movement related to subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	20.456	16.956
Movements during the Period	3.999	3.500
Purchases	-	-
Bonus Shares Received	3.999	3.500
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
Balance at the End of the Period	24.455	20.456
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99,98	99,98

8.2.1 Valuation methods of investments in subsidiaries

The financial statements of the subsidiary is added to the financial statements of the parent Bank through the full consolidation method as explained in Section Three.

8.2.2 Sectoral Information on the subsidiaries and amounts related to these

Affiliates	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	24.455	20.456
Finance Companies	-	-
Other Affiliates	-	-

8.2.3 Quoted Subsidiaries

The parent Bank does not have an subsidiary that is quoted.

8.2.4 Subsidiaries sold in the current year

None.

8.2.5 Subsidiaries acquired in the current year.

None.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

9. Information on jointly controlled subsidiaries

The parent Bank does not have a jointly controlled subsidiary.

10. Information on financial lease receivables (Net):

10.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	35.504	30.867	28.401	24.104
Between 1-4 years	30.295	27.138	26.081	23.392
Over 4 years	-	-	-	-
Total	65.799	58.005	54.482	47.496

10.2 Information on net financial lease investments

	Current Period	Prior Period
Gross Financial Lease Investment	65.799	54.482
Unearned Financial Lease income (-)	7.794	6.986
Cancelled Leasing Amounts	-	-
Net Investment on Leases	58.005	47.496

11. Information on financial derivatives for hedging:

The Group does not have any financial derivatives for hedging.

12. Information on tangible assets:

Current Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period					
Cost	27.303	3.839	941	4.122	36.205
Accumulated Depreciation (-)	7.106	3.527	635	3.329	14.597
Net Book Value	20.197	312	306	793	21.608
Balance at the End of the Current Period					
Net Book Value at the Beginning of the Current Period	27.303	3.839	941	4.122	36.205
Additions	-	94	43	147	284
Disposals (-)	-	-	34	1.122	1.156
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period	27.303	3.933	950	3.147	35.333
Depreciation expense and depreciation expense of disposal (-)	650	133	135	267	1.185
Accumulated Depreciation at the End of the Current Period (-)	7.756	3.660	739	2.481	14.636
Net Book Value at the End of the Current Period	19.547	273	211	666	20.697

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

Prior Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period					
Cost	27.286	3.839	919	4.223	36.267
Accumulated Depreciation (-)	6.394	3.331	602	2.764	13.091
Net Book Value	20.892	508	317	1.459	23.176
Balance at the End of the Current Period					
Net Book Value at the Beginning of the Current Period	27.286	3.839	919	4.223	36.267
Additions	17	-	174	219	410
Disposals (-)	-	-	152	320	472
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period	27.303	3.839	941	4.122	36.205
Depreciation expense and depreciation expense of disposals (-)	712	196	168	225	1.301
Accumulated Depreciation at the End of the Current Period (-)	7.106	3.527	635	3.329	14.597
Net Book Value at the End of the Current Period	20.197	312	306	793	21.608

13. Information on intangible assets:

Current Period	Other	Lease hold Improvement	Total
Balance at the End of the Prior Period			
Cost	2.493	530	3.023
Accumulated Depreciation (-)	2.051	470	2.521
Net Book Value	442	60	502
Balance at the End of the Current Period:			
Net Book Value at the Beginning of the Current Period	2.493	530	3.023
Additions	47	-	47
Disposals (-)	-	-	-
Impairment(-)	-	-	-
Cost at the End of the Current Period	2.540	530	3.070
Depreciation expense and depreciation expense of disposal (-)	132	45	177
Accumulated Depreciation at the End of the Current Period (-)	2.183	515	2.698
Net Book Value at the End of the Current Period	357	15	372

Prior Period	Other	Lease hold Improvement	Total
Balance at the End of the Prior Period			
Cost	2.307	507	2.814
Accumulated Depreciation (-)	1.896	404	2.300
Net Book Value	411	103	514
Balance at the End of the Current Period:			
Net Book Value at the Beginning of the Current Period	2.307	507	2.814
Additions	186	23	209
Disposals (-)	-	-	-
Impairment(-)	-	-	-
Cost at the End of the Current Period	2.493	530	3.023
Depreciation expense and depreciation expense of disposals (-)	155	66	221
Accumulated Depreciation at the End of the Current Period (-)	2.051	470	2.521
Net Book Value at the End of the Current Period	442	60	502

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

14. Information on deferred tax asset:

As of 31 December 2006 the presentation of tax deductible or temporary differences subject to tax and the related deferred tax asset or liability as follows:

	Current Period 31 December 2006		Prior Period 31 December 2005	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Tax advantage over unused investment incentives	7.396	2.219	8.736	2.621
Financial lease amendment	5.155	1.547	15.736	4.721
Provisions regarding employee rights	2.706	548	3.888	1.220
Other provisions	160	32	131	39
Marketable Securities Valuation Difference	4.060	812	2.884	865
Other	318	64	146	44
Deffered tax asset	19.795	5.222	31.521	9.510
Letter of Credit Commissions	-	-	(791)	(237)
Tangible assets	(104)	(21)	(193)	(58)
Financial assets	(39)	(8)	-	-
Other	(86)	(26)	-	-
Deferred tax liability	(229)	(55)	(984)	(295)
Deferred tax asset (Net)	19.566	5.167	30.537	9.215

The parent Bank has calculated deferred tax liability/asset with the rate of 20% over the deductible temporary differences for the current year, and in addition current year tax provisions is calculated over 20%. The investment incentives of the consolidated subsidiary of the parent Bank would be carried for an indefinite period before the new investment incentive applications starting at 1 January 2006. However, starting from 1 January 2006 the investment incentive application is terminated. The investment incentive amounts that are not used as of 31 December 2005 are subject to deduct from tax basis until 31 December 2008 and therefore corporate tax rate is 30%. In addition, investment incentive for investment in progress made before 2005 can be subject to investment incentive application until 31 December 2008. Within this context the consolidated subsidiary of the parent Bank, recorded the calculated deferred tax asset amount of YTL 2,219 for unused investment incentives by estimating the realisation of statutory profit until the end of the financial year 2008. The Group recorded the deferred tax asset amounting to YTL 5.167 and deferred tax expense amounting to YTL 4.048.

15. Information on tangibles held for resale:

	Current Period 31 December 2006	Prior Period 31 December 2005
Cost	1.842	1.842
Accumulated Depreciation	(94)	-
Net Book Value	1.748	1.842
Opening Balance	1.748	1.842
Acquired	-	-
Disposals (-), net	273	-
Depreciation Expense (-)	31	-
Closing Net Book Value	1.475	1.842

16. Information on other assets:

As of 31 December 2006 other assets account of consolidated balance sheet is YTL 3.007 (31 December 2005: YTL 2.762) and does not exceed 10% of consolidated balance sheet except consolidated off balance sheet commitments.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES**1. Information on maturity profile of deposits:**

Current Period	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Cumulative Demand	Total
Saving Deposits	88	-	447	125	14	26	-	-	700
Foreign Currency Deposits	18.462	-	2.618	2.738	4.903	3.533	-	-	32.254
Residents in Turkey	6.784	-	1.389	1.801	3.644	533	-	-	14.151
Residents Abroad	11.678	-	1.229	937	1.259	3.000	-	-	18.103
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	237	-	18	25	-	-	-	-	280
Other Ins. Deposits	273	-	2	3	-	-	-	-	278
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	46.453	-	12.025	-	-	-	-	-	58.478
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	12.025	-	-	-	-	-	12.025
Foreign Banks	46.453	-	-	-	-	-	-	-	46.453
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	65.513	-	15.110	2.891	4.917	3.559	-	-	91.990

Prior Period	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Cumulative Demand	Total
Saving Deposits	108	-	309	183	33	25	-	-	658
Foreign Currency Deposits	19.734	-	3.367	2.725	2.935	3.653	-	-	32.414
Residents in Turkey	8.917	-	2.606	2.141	1.689	650	-	-	16.003
Residents Abroad	10.817	-	761	584	1.246	3.003	-	-	16.411
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	264	-	118	161	-	-	-	-	543
Other Ins. Deposits	231	-	-	3	-	-	-	-	234
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	32.787	-	3.905	-	-	-	-	-	36.692
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	3.905	-	-	-	-	-	3.905
Foreign Banks	32.787	-	-	-	-	-	-	-	32.787
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	53.124	-	7.699	3.072	2.968	3.678	-	-	70.541

1.1 Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	665	650	37	8
Foreign Currency Saving Deposits	8.573	8.687	6.334	6.565
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	9.238	9.337	6.371	6.573

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

1.2 Saving deposits not covered by deposit insurance

1.2.1 The parent Bank does not have off-shore and foreign branches.

1.2.2 The parent Bank does not have special current and participation deposits of individuals that are not covered under the guarantee of deposit insurance fund.

2. Information on financial derivatives through profit or loss:

The Bank does not have negative differences related to financial derivatives.

3. Information on funds borrowed:

3.1 Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank Loans	-	-	-	-
From Domestic Banks and Institutions	1.331	-	530	1.994
From Foreign Banks, Institutions and Funds	-	174.790	-	197.153
Total	1.331	174.790	530	199.147

3.2 Presentation of funds borrowed based on maturity profile:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	1.331	159.701	530	178.483
Medium and Long-Term	-	15.089	-	20.664
Total	1.331	174.790	530	199.147

3.3 Additional information on concentration of the parent Bank's liabilities

As of 31 December 2006, 21% (31 December 2005: 17%), 45% (31 December 2005: 52%) and 0,1% (31 December 2005: 2%) of the Bank's liabilities consisted of deposits, funds borrowed and funds provided by repurchase agreements, respectively.

4. Information on other foreign resources:

The other foreign resources account of the consolidated balance sheet is YTL 7.701 (31 December 2005: YTL 3.309); and this amount does not exceed 10% of the total consolidated balance sheet.

5. Information on financial lease obligations:

The parent Bank performs its financial lease activities with its consolidated subsidiary A&T Finansal Kiralama A.Ş. The financial lease liability subject to the financial lease agreements between the parent Bank and its consolidated subsidiary is eliminated from the consolidated financial statements through the deduction from the consolidated subsidiary's financial lease receivable. As of the balance sheet date, the Group has no liability subject to financial lease agreements.

6. Information on liabilities arising from financial derivative transactions for hedging purposes:

The Group does not have financial derivative instruments for hedging purposes.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY**Consolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

7. Information on provisions:**7.1 Information on general provisions**

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	893	722
Provisions for Loans and Receivables in Group II	-	-
Provisions for Non-Cash Loans	328	280
Other	-	-
Total	1.221	1.002

7.2 Information on provisions regarding liabilities of employee rights

According to Turkish Labor Law , for employees who have fulfilled 25th year of service (for women 20 years), and have been retired or terminated for obligatory purposes, also for employees who have retirement privilege (minimum age for women 58, for men 60 years), and for employees who are accomplishing military service or for employees who have died; the Group is obligated to pay employee termination indemnity.

The indemnity charge that is to be paid is equal to one month salary for each service year and it is limited with YTL 1.857,44, (31 December 2005: YTL 1.727,15). Employee termination indemnity is not subjected to any funding and has no clause for funding.

Employee termination indemnity is allocated at present value of future probable liability. TAS 19 requires actuary valuation method for the calculation of employee termination indemnity reserves. In this context, the Group has used actuary assumptions, for the calculation of employee termination reserve below.

	Current Period 31 December 2006	Prior Period 31 December 2005
Discount Rate (%)	5,71	5,45
Rate used for retirement probability (%)	97,86	98,03

The movement of the provision termination indemnities in the balance sheets is as followed:

	Current Period 31 December 2006	Prior Period 31 December 2005
Prior Period End Balance	2.072	1.674
Provisions Allocated During the Year	387	922
Amount Paid During the Year	(369)	(524)
Year End Balance	2.090	2.072

As of December 31,2006 the Group has an amount of YTL 310 provision allocated for vacations (31 December 2005: YTL 548).

As a result of vacations used in the current period, YTL 239 amount of provision allocated in 2005 has reversed.

7.3 Provisions for currency exchange gain/loss on foreign currency indexed loans:

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans	577	1.052

(*) Foreign exchange differences of foreign currency indexed loans are netted off with loans.

7.4 Specific provisions for non- cash loans that are not indemnified and not converted into cash:

	Current Period	Prior Period
Specific Provisions for Non-cash loans that are not indemnified and not converted into Cash	429	444

7.5 Information on other provisions**7.5.1 Information on provisions for possible risks**

The Bank has allocated YTL 160 for the on-going law suits at the time of the balance sheet and YTL 171 for the payments that might be made other than the legal regulation foresees for the foreign expatriate currently working in the bank.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

8. Information on tax payables:

8.1 Information on corporate tax liability:

The information on the tax calculation of the Bank is presented in Section Three. As of 31 December 2006 the corporate tax after the temporary taxes paid in the period is YTL 751 (31 December 2005: YTL 1.123).

8.1.1 Information on tax payables

	Current Period	Prior Period
Corporate Taxes Payable	751	1.123
Corporate Taxes Payable (foreign based tax-payer)	12	14
Taxation of Securities	25	13
Property Tax	1	1
Banking Insurance Transaction Tax (BITT)	113	56
Foreign Exchange Legislation Tax	4	9
Value Added Taxes Payable	31	13
Other	351	326
Total	1.288	1.555

8.1.2 Information on premiums

	Current Period	Prior Period
Social Security Premiums- Employee	125	70
Social Security Premiums- Employer	180	99
Bank Social Aid Pension Fund Premium- Employee	-	-
Bank Social Aid Pension Fund Premium- Employer	-	-
Pension Fund Membership Fees and Provisions- Employee	-	-
Pension Fund Membership Fees and Provisions- Employer	-	-
Unemployment Insurance- Employee share	9	4
Unemployment Insurance- Employer share	18	10
Other	-	-
Total	332	183

8.2 Information on deferred tax liability

The Group does not have a net deferred tax liability as of 31 December 2006 and 31 December 2005.

The net value of assets liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset with an amount of YTL 5.167. Detailed information on net deferred tax is presented in footnote I-14 in Section Five.

9. Information on liabilities for assets held for resale:

None.

10. Information on Subordinated Loans:

At 30 December 2002 the parent Bank has used a subordinated loan of USD 12.000.000 from Libyan Foreign Bank with five years and one month maturity, at an interest rate of Libor+2. It is undertaken that this loan will be added to parent Bank's capital at its maturity date.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	16.967	-	16.122
From Other Foreign Institutions	-	-	-	-
Total	-	16.967	-	16.122

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

11. Information on Shareholder's Equity:

11.1 Presentation of Paid-in Capital:

	Current Period	Prior Period
Common Stock	41.000	41.000
Preferred Stock	-	-

11.2 Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Registered share capital system is not implemented in the parent Bank.

11.3 Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no share capital increase in current period.

11.4 Information on share increases from capital reserves

There is no share increase from capital reserves in the current period.

11.5 Capital commitments for current financial year and following period, general purpose of these commitments and estimated resources necessary for these commitments

The Group does not have any capital commitments in the current year.

11.6 The impacts of the foresights, which are prophesied according to Bank's prior periods income, profitability, and liquidity indicators and uncertainty, to shareholders' equity

The Group is operating profitable and keeping its profit in the shareholders equity. On the other hand small portion of shareholders' equity is used for investments such as fixed assets and subsidiaries. Parent Bank's unrestricted shareholders equity is considered high and unrestricted equity is invested on assets with liquidity and profitability. As a result parent Bank's shareholders' equity has been continuously getting stronger.

11.7 Information on the privileges given to stocks representing the capital

According to the master agreement, the registered capital can be increased or decreased once or several times. Such an increase may be accomplished through the transfer from reserves into the capital account and the issuance of "bonus" shares in consequence thereof.

Each shareholder shall have the right to subscribe for a proportion of new shares corresponding to the number of shares held and such right may be exercised within a period of thirty days from the date of receipt by each shareholder of an invitation to the shareholders.

These preferential rights may only be assigned by approval of the Board of Directors upon the favorable vote of 4/5 of the members present or represented.

New shares may not be issued at a price less than the nominal value of the original shares issued.

Fractional shares will be allocated by the Board of Directors.

The parent Bank may not, directly or indirectly, finance the acquisition of its own shares.

The parent Bank shall be administered and represented by a Board of Directors composed of at least six members representing the shareholders in a ratio corresponding to their share of the registered capital, to be nominated or removed by these shareholders and elected or dismissed accordingly by the decision of the General Meeting of the shareholders. Thus the Libyan Foreign Bank shall have the right to nominate six directors and to replace these directors at any time. The Kuwait Investment Company shall have the right to nominate one director and to replace said director at any time. The Turkish shareholders shall have the right to nominate the remaining three directors, and to replace these directors at any time.

Arabian shareholders are treated under the same legislation with Turkish citizens. This includes the transfer of distributed other revenues, guarantees, shares, dividends. And in a similar manner Arabian shareholders are benefited and protected by law No.6224, Foreign Capital Incentive Law.

11.8 Information on marketable securities value increase fund:

The Group does not have marketable securities value increase fund in the current period.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEETS

1. Information on contingent liabilities in the off-balance sheets:

1.1 Type and amount of irrevocable commitments

The Group does not have irrevocable commitments.

1.2 Type and amount of possible losses from off-balance sheet items:

1.2.1 Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral:

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is YTL 107.455 (31 December 2005: YTL 111.109).

1.2.2 Final guarantees, temporary gurantees, commitments and similar transactions

The total amount of the Bank's guarantee letters are YTL 132.076 (31 December 2005: YTL 59.641).

2. Total amount of Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	-	-
Less Than or Equal to One Year with Original Maturity	-	-
More Than One Year with Original Maturity	-	-
Other Non-Cash Loans	278.533	260.791
Total	278.533	260.791

3. Information on Sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	-	0,00	-	0,00	-	0,00	-	0,00
Farming and Raising livestock	-	0,00	-	0,00	-	0,00	-	0,00
Forestry	-	0,00	-	0,00	-	0,00	-	0,00
Fishing	-	0,00	-	0,00	-	0,00	-	0,00
Manufacturing	-	0,00	-	0,00	-	0,00	-	0,00
Mining	-	0,00	-	0,00	-	0,00	-	0,00
Production	-	0,00	-	0,00	-	0,00	-	0,00
Electric, gas and water	-	0,00	-	0,00	-	0,00	-	0,00
Construction	97	3,68	53.571	19,42	120	2,09	17.797	6,98
Services	2.477	93,86	222.323	80,58	5.534	96,36	237.218	93,01
Wholesale and Retail Trade	691	26,18	15.323	5,55	4.706	81,94	15.863	6,22
Hotel, Food and Beverage Services	-	0,00	-	0,00	-	0,00	-	0,00
Transportation and Telecommunication	-	0,00	-	0,00	-	0,00	149	0,06
Financial Institutions	1.786	67,68	207.000	75,03	828	14,42	221.206	86,73
Real Estate and Renting Services	-	0,00	-	0,00	-	0,00	-	0,00
Self-Employment Services	-	0,00	-	0,00	-	0,00	-	0,00
Education Services	-	0,00	-	0,00	-	0,00	-	0,00
Health and Social Services	-	0,00	-	0,00	-	0,00	-	0,00
Other	65	2,46	-	0,00	89	1,55	33	0,01
Total	2.639	100,00	275.894	100,00	5.743	100,00	255.048	100,00

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY**Consolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

4. Information on non-cash loans classified as I and II group loans:

	Group I		Group II	
	YTL	FC	YTL	FC
Letters of guarantee	2.639	129.437	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	107.455	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	39.002	-	-
Non-Cash Loans	2.639	275.894	-	-

5. Information on derivative transactions:

	Current Period	Prior Period
	31 December 2006	31 December 2005
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	1.860	13.497
Currency Forward	-	-
Currency Swaps	1.860	13.497
Currency Futures	-	-
Currency Option	-	-
Interest Rate Related Derivative Transactions (II)	81.198	-
Interest Rate Forwards	-	-
Interest Rate Swaps	81.198	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I+II+III)	83.058	13.497
Hedging Derivatives		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Total Derivative Transactions (A+B)	83.058	13.497

As it was mentioned in Section Three Bank's derivative transactions are recorded as "trading transactions" within the context of TAS 39.

6. Contingent assets and liabilities:

Pursuant to the temporary Article 4 of the Banking Law numbered 4389 with the decree numbered 4743, losses incurred of the legal and general reserves would be considered tax deductible according to the Clause numbered 14/7 of the obsolete Corporate Tax Law numbered 5422. However, the mentioned losses were not deducted from the tax base in 2001, 2002 and 2003 in compliance with the recommendation of the Ministry of Finance. The bank has 10 law suits against the Turkish Ministry of Finance (Ministry) amounting to YTL 18.112 regarding the amendment of corporate taxes paid in 2001, 2002 and 2003.

IV. INFORMATION AND FOOTNOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT**1. Information on interest income:****1.1 Information on interest income received from loans**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short- Term Loans	7.065	1.295	6.039	1.560
Medium and Long- Term Loans	639	113	603	-
Interest Received From Non Performing Loans	673	-	528	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	8.377	1.408	7.170	1.560

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

1.2 Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Central Bank	-	175	-	1
From Domestic Banks	2.988	788	2.709	483
From Foreign Banks	-	739	-	198
From Foreign Headquarter and Branches	-	-	-	-
Total	2.988	1.702	2.709	682

1.3 Information on interest income from securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Trading Financial Assets	5.201	6.118	4.050	1.930
From Financial Assets Through Profit or Loss	-	-	-	-
From Investments Available for Sale	-	-	-	-
From Investments Held to Maturity	1.774	7.112	1.614	7.581
Total	6.975	13.230	5.664	9.511

1.4 Information on interest income received from affiliates and subsidiaries

None.

2. Interest Expense:

2.1 Information on interest paid for funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	137	11.769	147	7.353
Central Bank	-	-	-	-
Domestic Banks	137	73	147	26
Foreign Banks	-	11.696	-	7.327
Foreign Headquarter and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	137	11.769	147	7.353

2.2 Information on interest expense paid to affiliates and subsidiaries

	Current Period	Prior Period
Interest Paid to Affiliates and Subsidiaries	-	-

2.3 Information on interest expenses paid to issued stocks

None.

2.4 Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
YTL								
Bank Deposits	-	1.544	-	-	-	-	-	1.544
Saving Deposits	-	64	26	3	4	-	-	97
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	32	5	-	-	-	-	37
Other Deposits	-	-	1	-	-	-	-	1
"7 Days Notice Deposits"	-	-	-	-	-	-	-	-
Total YTL	-	1.640	32	3	4	-	-	1.679
FC								
Foreign Currency Deposits	-	83	55	89	98	-	-	325
Bank Deposits	-	1.601	-	-	-	-	-	1.601
"7 Days Notice Deposits"	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total FC	-	1.684	55	89	98	-	-	1.926
Total	-	3.324	87	92	102	-	-	3.605

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

3. Information on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets through profit or loss	-	-
Financial Assets available for sale	51	40
Other	-	-
Total	51	40

4. Information on trading gain/loss:

	Current Period	Prior Period
Gain	605.190	307.941
Gain from money market transactions	1.732	188
Derivative and financial transactions	193	-
Other	1.539	188
Gain from exchange transactions	603.458	307.753
Loss (-)	(605.078)	(305.564)
Loss from money market transactions	(697)	-
Derivative and financial transactions	-	-
Other	(697)	-
Loss from exchange transactions	(604.381)	(305.564)
Net Trading Gain/Loss	112	2.377

5. Information on income from other operations:

	Current Period	Prior Period
From Sale of Assets	352	170
From Reversal of Provisions of Prior Year	1.715	76
From Foreign Currency Indexed Loans Capital Currency Increases	2.687	175
Other	657	74
From Communication Income	267	253
Total	5.678	748

6. Information on impairment of loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	13	29
Loans and Receivables in Group III	-	-
Loans and Receivables in Group IV	-	-
Loans and Receivables in Group V (*)	13	29
Doubtful Receivables	-	-
General Provision Expenses(**)	414	383
Provision for Possible Losses	160	-
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	62	-
Financial Assets through Profit or Loss	62	-
Investment Securities Available-for-Sale	-	-
Other Impairment Losses	943	877
Subsidiaries	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	943	877
Other	67	1.438
Total	1.659	2.727

(*) 7 YTL of 21 YTL has been collected which has been added to specific loan provision during 2006.

(**) Due to the the reversal of YTL 195 provided for general provision it is recorded in the other operating income under the reversal of provisions of prior year.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

7. Information on loss from other operations:

	Current Period	Prior Period
Personnel Expenses	16.780	15.103
Provision for Employee Termination Benefits	148	661
Amortisation Expenses of Tangible Assets	1.185	1.301
Amortisation Expenses of Intangible Assets	177	221
Amortization Expense of Assets Held for Resale	31	-
Other Operating Expenses	3.064	3.797
Operating Lease Expenses	468	425
Maintenance Expenses	135	278
Advertisement Expenses	38	131
Other Expenses	2.423	2.963
Loss on Sales of Assets	2	-
Other	3.089	3.008
Total	24.476	24.091

8. Information on profit/loss before taxes:

The profit before taxes for the year 2006 is YTL 6.584 by increasing 10%.

9. Information on tax provision:

9.1 Current period taxation benefit or charge and deferred tax benefit or charge:

As of 31 December 2006 the taxation charge is YTL 751 and deferred tax charge is YTL 4.048.

9.2 Deferred tax charge arising from origination or reversal of temporary differences

Deferred tax asset:	Current Period	Prior Period
Unused investment incentives	(401)	52
Financial lease amendment	(3.228)	3.401
Changes due to useful lives of tangible assets	39	69
Adjustment to financial lease	13	(7)
Accrued financial derivatives	(53)	47
Provisions regarding employee rights	(657)	486
Other	239	(196)
Total	(4.048)	3.852

9.3 Deferred tax liability represented in the income statement within the context of temporary difference, financial loss and tax reduction.

None.

10. Information on operation profit/loss after tax:

The after tax operation profit decreased to the amount of YTL 1.785 by 80%.

11. Information on net profit or loss of the period:

11.1 Information on nature, dimension and frequency rate of income and expense accounts resulting from ordinary banking transactions if they are necessary for explaining the Bank's current year performance:

The parent Bank has recorded interest income amounting to YTL 41.139, interest expense amounting to 20.554 YTL, net fee and commission income amounting to YTL 6.293 from its ordinary banking transactions.

11.2 Information on the profit or loss affect of a change in an estimation related to financial tables and future period affect of the change in this estimation.

There is not any change in accounting estimation related to consolidated financial statements.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

11.3 Profit/loss regarding minority rights:

There is no profit/loss regarding minority rights in the accompanying financial statements.

12. Information on 20% of other accounts in income statement, if other accounts exceed 10% of total income statement.

No other accounts are excess of the 10% of the consolidated income statement other than other operating income and other operating loss that are explained above.

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Changes due to revaluation of financial assets available-for-sale:

None.

2. Confirmation on exchange rate differences between period start and end

None.

3. Increases due to cash flow hedges:

None.

4. Information on dividend:

4.1 Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statement

None.

4.2 Net profit per share proposed to be distributed after the balance sheet date

None.

5. Amounts transferred to retained earnings:

In the current year YTL 417 has been transferred to retained earnings.

6. Information on issuance of common stock:

6.1 Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital

None.

7. Information on other capital increase accounts at the equity movement table:

Information on inflation restatement differences of shareholders equity accounts:

In BRSA's Circular no.BDDK.DZM.2/13/-d-5 on 28 April 2005, it was stated that as of January 2005, the majority of the criteria confirming the existence of a hyperinflationary economy applied due to arbitrament No. 1623 dated 21 April 2005, are not valid anymore. Accordingly, the inflation accounting had been ceased beginning from 1 January 2005.

Inflation restatement of paid in capital amounting 33,004 YTL which was recorded in the account of "Paid in capital Inflation Restatement" account until 31 December 2005 is transferred to "Other Capital Reserves" account.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

VI. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED CASH FLOW STATEMENT

1. Information on cash and cash equivalent assets:

1.1 Balances that form the cash and cash equivalent assets, and the accounting policy used in the formation of these balances

Subject to the preparation of cash flow statements "Cash" refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; "Cash equivalent" refers to moneymarket placements of original maturity less than three months and time deposits at banks, and investments in financial securities.

1.1.1. Information on cash and cash equivalents at the beginning of the period:

	Current Period 31/12/2006	Prior Period 31/12/2005
Cash	1.151	1.151
Interbank Money Market Placements	-	7.311
Financial Assets through Profit or Loss (net)	-	-
Banks and other financial institutions	39.853	26.181
Cash equivalents	41.004	34.643

1.1.2. Information on cash and cash equivalents at the end of the period

	Current Period 31/12/2006	Prior Period 31/12/2005
Cash	981	1.151
Interbank Money Market Placements	-	-
Financial Assets through Profit or Loss (net)	-	-
Banks and other financial institutions	43.274	39.853
Cash equivalents	44.255	41.004

2. Information on unrestricted cash and cash equivalents that is in the possession of the Bank however not in the restricted usage due to legal limitations and other reasons:

None.

3. Information on the effect on cash and cash equivalent assets due to changes in other accounts in the cash flow statement and exchange rates:

The YTL (-) 13.964 (31 December 2005: YTL (-) 7.243) in the "Other" account that is under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses, exchange rate profit/loss, depreciation that does not cause cash inflow or outflow provision and accounts similar to cost free dividend.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY**Consolidated Financial Report as of 31 December 2006**

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

The "Net increase/decrease in other debts" account under the "Changes in assets and liabilities subject to banking activities" amounting to YTL 3.254 (31 December 2005: (-) YTL 266 is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

The effect of the change in exchange rate on cash and cash equivalent assets is reflected on the net exchange rate profit/loss account. The account of exchange rate profit/loss in question is presented in the "Other" line under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account.

VII. INFORMATION ON THE GROUP'S RISK GROUP**1. Information on the volume of transactions with the parent Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period:****1.1 Information on the loans of the Group's risk group****Current Period:**

Bank's Risk Group (*)	Subsidiaries, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	403	17.118	-	-
Balance at the end of the period	-	-	9.599	66.456	-	-
Interest and Commission Income received	-	-	22	-	-	-

(*) Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.

Prior Period:

Bank's Risk Group (*)	Subsidiaries, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	17.558	28.540	-	-
Balance at the end of the period	-	-	403	17.118	-	-
Interest and Commission Income received	-	-	7	-	-	-

(*) Stated at the 2nd clause of the 49th article of the Law No. 5411 of Bank's Act.

1.2 Information on deposits of the Group's risk group

Bank's Risk Group (*)	Subsidiaries, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31 December 2006	31 December 2005	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Deposits						
Balance at the beginning of the period	-	-	699	6.220	-	-
Balance at the end of the period	-	-	3.779	699	-	-
Interest expense of deposits	-	-	54	37	-	-

(*) Stated at the 2nd clause of the 49th article of the Law No. 5411 of Bank's Act.

1.3. Information on forward transactions, options and other contracts related to Group's risk group:

None.

1.4. Information on benefits provided for top level management:

As of 31 December 2006 YTL 1.374 (31 December 2005: YTL 1.471) and YTL 590 (31 December 2005: YTL 434) amount of payment subject to compensation and other benefits has been made to the top level management of the parent Bank and the consolidated subsidiary A&T Finansal Kiralama A.Ş., respectively.

Convenience Translation of Consolidated Financial Report Originally Issued in Turkish See Note on I.d in Section Three

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

Consolidated Financial Report as of 31 December 2006

(Currency: Thousands of YTL - New Turkish Lira unless otherwise stated)

VIII. INFORMATION ON THE PARENT BANK'S DOMESTIC, INTERNATIONAL AND OFF-SHORE BRANCHES AND INTERNATIONAL REPRESENTATIVES

	Number	Personnel Number	
Domestic branch	3	174	Country
Foreign Representatives			
			Total Asset
			Legal Equity
Foreign Branch			
Off-Shore Branches			

IX. INFORMATION AND FOOTNOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SIX OTHER DISCLOSURES AND FOOTNOTES

I. OTHER DISCLOSURES AND FOOTNOTES ON THE PARENT BANK'S ACTIVITIES

There are no other disclosures subject to the clear interpretation and comprehension of the balance sheet or that significantly effects the balance sheet.

SECTION SEVEN INFORMATION ON INDEPENDENT AUDITOR'S REPORT

I. INFORMATION ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements as of and for the year ended 31 December 2006 has been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of KPMG International) and the independent auditor's report dated 5 March 2007 is presented in the first section of this report.

II. INFORMATION AND FOOTNOTES RELATED TO INDEPENDENT AUDITOR'S REPORT

None.



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

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**ANNUAL REPORT
COMPLIANCE OPINION**

To the Shareholders of Arap Türk Bankası Anonim Şirketi:

We have been engaged to audit the annual report of Arap Türk Bankası Anonim Şirketi (the Bank) as of 31 December 2006. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the consistency of the financial information represented in the annual report with the audited financial statements and explanatory notes.

Our audit was conducted in accordance with the regulations on preparation and issuance of annual report in (Turkish) Banking Law No 5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance regarding whether the consistency of financial information represented in the annual report with the audited financial statements and explanatory notes is free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Arap Türk Bankası Anonim Şirketi as of 31 December 2006 in accordance with the effective regulations described in article 40 of (Turkish) Banking Law No 5411 and includes Independent Auditors' Report issued by us and Summary of Board of Directors' Report and is consistent with the audited financial statements and explanatory notes.

İstanbul,
14 March 2007

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Murat Alsan
Partner

General Management

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