

ANNUAL REPORT 2005



ARAP TÜRK BANKASI

المصرف العربي التركي

ARAB TURKISH BANK



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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 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. The Bank has three branches; two in Istanbul and one in Ankara.

FIVE-YEAR COMPARATIVE FINANCIAL HIGHLIGHTS

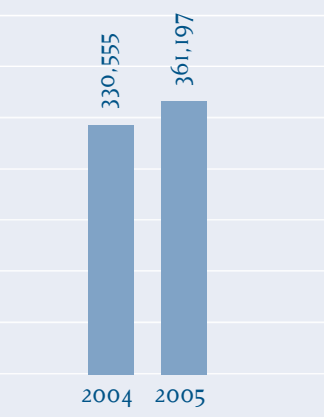
(NTL thousands)

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|-----------------------|---------|---------|---------|---------|---------|
| Total Assets | 180,075 | 290,641 | 296,641 | 330,555 | 361,197 |
| Marketable Securities | 37,731 | 117,237 | 169,320 | 175,035 | 181,674 |
| Loans, Net | 36,484 | 38,500 | 39,400 | 70,082 | 86,298 |
| Balances with Banks | 72,225 | 87,651 | 27,900 | 12,100 | 20,933 |
| Total Deposits | 44,424 | 56,309 | 35,589 | 44,774 | 70,509 |
| Total Loans Borrowed | 81,930 | 157,053 | 187,717 | 198,060 | 198,626 |
| Shareholders' Equity | 35,089 | 47,884 | 60,829 | 76,509 | 80,964 |
| Net Income / Loss | (4,393) | 2,873 | 6,268 | 6,025 | 4,455 |

Note: The above figures are stated with the purchasing power of the related year's end and are consolidated.

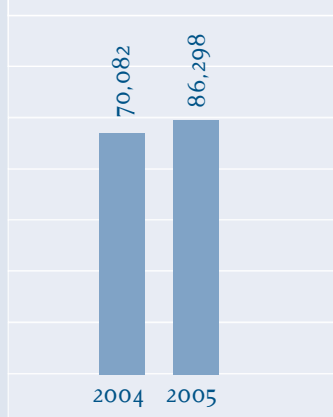
Total Assets

(NTL thousands)



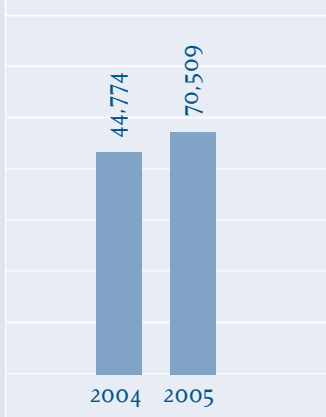
Loans, Net

(NTL thousands)



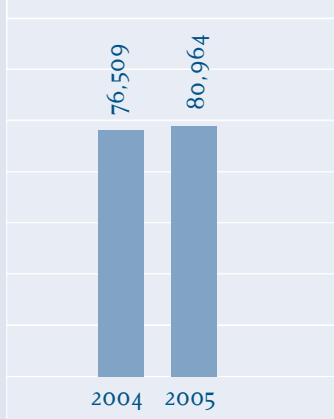
Total Deposits

(NTL thousands)



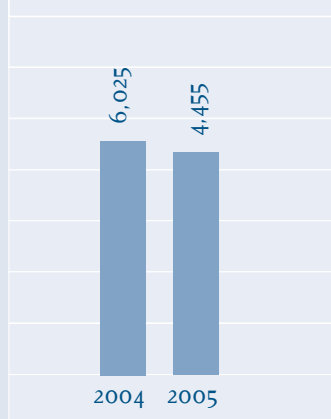
Shareholders' Equity

(NTL thousands)

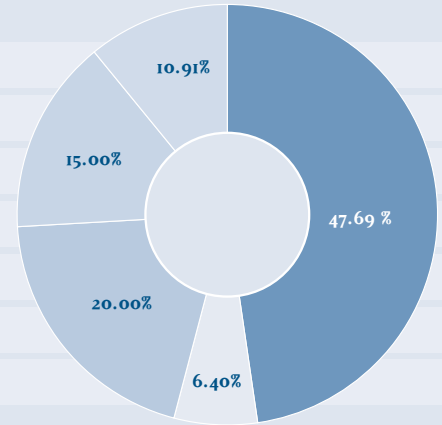


Net Income / Loss

(NTL thousands)



| | |
|---------------|---------------------------|
| 47.69% | Libyan Arab Foreign Bank* |
| 6.40% | Kuwait Investment Co. |
| 20.00% | Türkiye İş Bankası A.Ş. |
| 15.00% | T.C. Ziraat Bankası A.Ş. |
| 10.91% | Tekfenbank A.Ş. |



*Renamed - Libyan Foreign Bank

(NTL thousands)

| | 2004 | 2005 |
|--------------------------|--------|--------|
| Libyan Arab Foreign Bank | 13,830 | 19,553 |
| Kuwait Investment Co. | 1,856 | 2,624 |
| Türkiye İş Bankası A.Ş. | 5,800 | 8,200 |
| T.C. Ziraat Bankası A.Ş. | 4,350 | 6,150 |
| Tekfenbank A.Ş. | 3,164 | 4,473 |
| Total | 29,000 | 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.



A. AYKUT DEMİRAY
CHAIRMAN



MOHAMED NAJIB HMİDA EL-JAMAL
GENERAL MANAGER

ATB marked another milestone in 2005, demonstrating its strength and ability to enhance performance and increase shareholders' equity which amounted to NTL 80.9 million. The Bank's capital adequacy ratio is 40.01% and has earned a "B" rating by FitchRatings.

Dear Shareholders,

On behalf of our Board of Directors, we are pleased to present ATB's 2005 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.

Turkey has successfully achieved the macroeconomic targets that were set forth for 2005. The economy, based on stability and positive expectations, demonstrated a solid performance with regard to the strengthening of the Turkish Lira. In addition, falling inflation opened the door to the introduction of the New Turkish Lira (NTL) and a reduction in the interest rates. The banking sector remained strong and liquid in both foreign and domestic currencies.

The EU began accession talks with Turkey in October 2005, resulting in an increase in business and investor confidence. Joining the European Union is crucial for the country's economic and political development. Following the initial negotiations with the EU coupled with positive expectations about the future and economic and political stability, the amount of direct foreign investments and privatisation income reached their highest levels in 2005.

ATB marked another milestone in 2005, demonstrating its strength and ability to enhance performance and increase shareholders' equity which amounted to NTL 80.9 million. The Bank's capital adequacy ratio is 40.01% and has earned a "B" rating by FitchRatings.

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.

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.

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

Yours sincerely,

A. AYKUT DEMİRAY
CHAIRMAN

MOHAMED NAJIB HMİDA EL-JAMAL
GENERAL MANAGER



ISTANBUL, TURKEY

In 2005, the amount of privatisation through block sales, asset sales, share sales and the transfer of management rights reached the highest level in history. The planned privatisation of the largest companies in the portfolio was completed successfully in 2005.

TURKISH ECONOMIC OUTLOOK

The Turkish economy appears to be comfortably settling into an era of stability following a chronic battle with inflation and government debt. Turkey has begun the process of privatising state-owned monopolies and cutting agricultural subsidies and is now enjoying steady GDP growth while becoming increasingly popular as a destination for foreign capital.

In May 2005, Turkey and the IMF agreed on a new three-year stand-by loan worth US dollar 10 billion to replace the existing agreement that ended in February the same year. This renewed agreement with the IMF is essential to maintaining the present optimism in the economy.

The EU is the ultimate anchor and catalyst for institutional evolution. EU convergence will serve as a lighthouse for sustainable economic and institutional development. 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 is that they have placed Turkey on the radar screen of international investors who previously had little reason to consider Turkey. There has already 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.

National income figures indicate that economic growth has continued into the third quarter of 2005. GDP growth that was 4.8% and 4.2%, respectively in the first and second quarter of 2005, rose to 7% during the July-September 2005 period. Similarly, GNP growth that stood at 5.3% and 3.4%, respectively in the first and second quarter of 2005, rose to 7.3% in the third quarter of the year.

The Central Bank has made impressive progress with regard to lowering the inflation rate. In December 2005, inflation for consumer prices (CPI) was 0.42% and -0.04% for producer prices (PPI). The annual CPI achieved 7.72%, while the PPI, on the other hand, was 2.66%. It is anticipated that at the end of 2006, the target level of 5% inflation for CPI will be achieved.

In 2005, the lira also strengthened relative to the euro and the US dollar, which has helped dampen inflation in Turkey despite this year's spike in crude oil prices.

According to data released by the State Institute of Statistics, the industrial capacity utilisation ratio was 80.6% in December 2005. The corresponding ratio for the same period during the previous year was 84.0%.

During the January-December 2005 period, exports rose by 15.8% over the same period in the previous year to total US dollar 73.1 billion. In the same period, imports

rose by 19.0% to total US dollar 116.0 billion. The export to import ratio, which stood at 64.8% at the end of 2004, came down slightly to 63.0% at the end of 2005. The foreign trade deficit of US dollar 42.9 billion indicates an increase of 24.9% over the same period for the previous year.

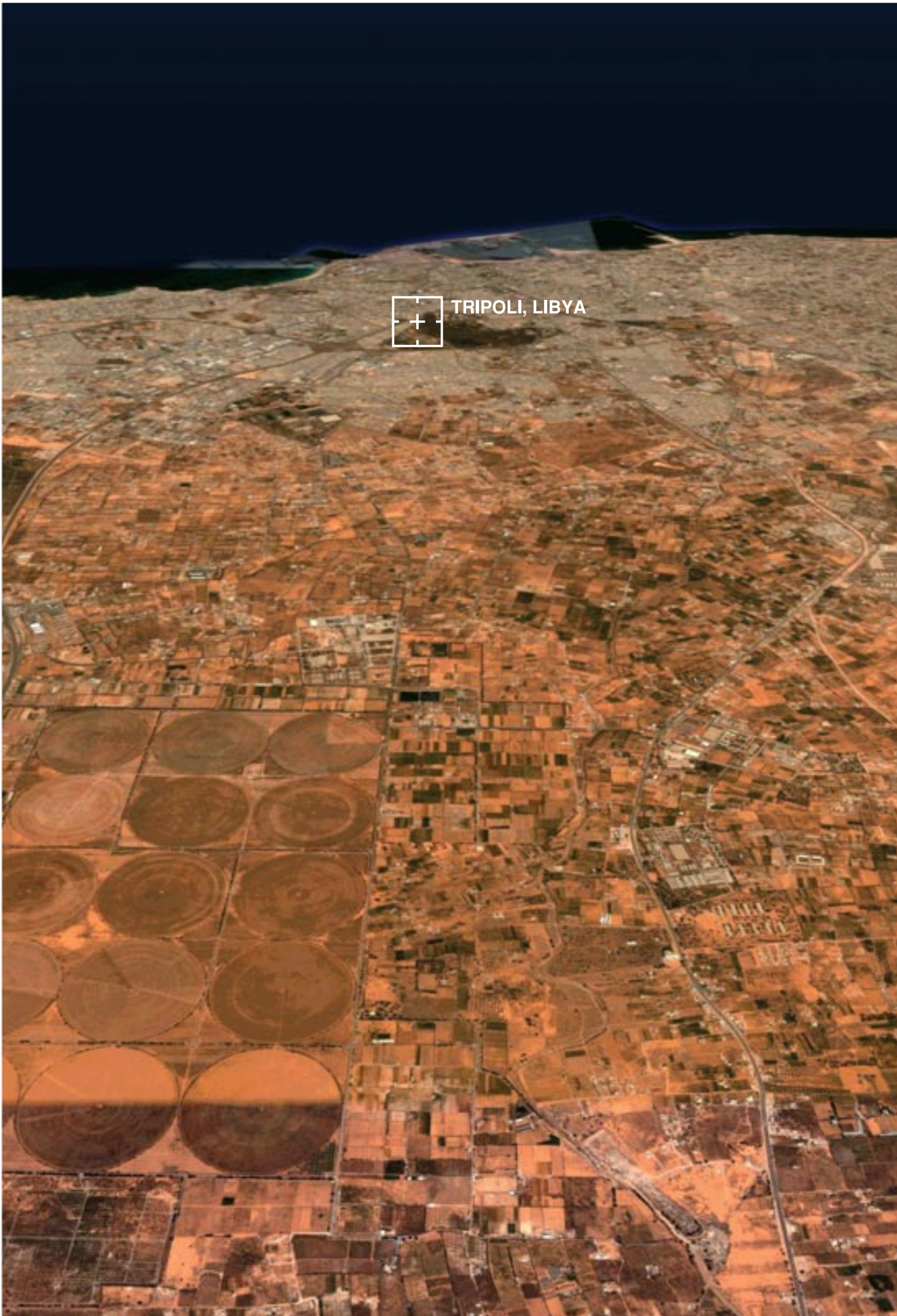
The current account balance registered a deficit of US dollar 22.9 billion during January - December 2005; previously this balance was US dollar 15.6 billion at the end of 2004.

The domestic debt stock, which was NTL 224.5 billion at the end of 2004 rose to NTL 244.8 billion at the end of 2005. Foreign debt stock, which was US dollar 161.8 billion at the end of the previous year, increased to US dollar 165.3 billion at the end of the third quarter of 2005.

In 2005, the amount of privatisation through block sales, asset sales, share sales and the transfer of management rights reached the highest level in history. The planned privatisation of the largest companies in the portfolio was completed successfully in 2005.

As a result of economic and political stability and positive expectations especially after the start of EU membership talks, foreign direct investment (FDI) flow into Turkey reached their highest levels during 2005. According to the Central Bank figures, Turkey attracted US dollar 3,382 million in foreign direct investment from January to October 2005; the corresponding amount for the same period of the previous year was US dollar 1,038 million.

As the Turkish economy is currently experiencing renewed growth, the banking sector has also continued to grow during the first nine months of 2005. In addition to an increase in the number of branches and employees, total assets, credit volume and deposits have risen with the recovery of the Turkish economy and subsequent positive expectations. Total assets in the banking sector amounted to US dollar 271,385 million at the end of the 2005 third quarter, an increase of 38% in US dollars as compared to September 2004 figures. As of September 30, 2005, the deposit volume totalled US dollar 172,108 million (36% up from corresponding figures of the preceding year) while the total loan portfolio reached US dollar 101,639 million (an increase of 57% from corresponding figures of the previous year). Shareholders' equity, totalling US dollar 35,331 million, made up 13% of the banking sector's total liabilities; the same ratio last year stood at 14%.



TRIPOLI, LIBYA

ATB's Treasury continued reaping the benefit of the Bank's long, widespread relationships with the Middle East, Arabic and North African countries and their financial institutions.

TREASURY AND CAPITAL MARKETS

Apart from the Central Bank's improved credibility in the past few years and the ensuing monetary policy, several factors aided the disinflation process in 2005. These factors include the real appreciation of the New Turkish lira and productivity increases that have eased production costs, as well as optimistic expectations of economic partakers. On the other hand, inflation in 2005 was negatively affected by inertia in the services sector inflation and the rise in international oil prices. The Central Bank successfully implemented an implicit inflation targeting policy during the year. Starting in 2006, the Central Bank will institute a formal inflation targeting policy with the objective of bringing the year-end CPI inflation to 5%, 4% and 4%, respectively in the 2006-2008 period.

We anticipate that Turkey will achieve a 4.6% growth rate in 2006. A series of interest rate cuts on business and household spending may mean that our forecast will be surpassed. While the Central Bank may enact further short-term interest rate cuts, any additional cuts will be fewer and farther between than those we have seen in recent years since the Central Bank is committed to meeting their 5.0% inflation target for 2006.

In general, 2005 was much more stable for Turkey than the previous year. The main issue in the world economy was oil prices; rising prices affected the entire world. Oil exporting countries such as Russia and countries in the Middle East earned much more money. There is a vast amount of excess liquidity in oil exporting countries. These countries are investing in developing economies therefore increasing oil prices did not affect Turkey as much although Turkey's oil bill increased by 30% this year.

The expectations for 2006 continue to indicate positive results. Overall economic growth will be sustained by a marked revival of both domestic and export sales. Turkish companies expect that their total turnover will increase in terms of domestic and export sales in 2006. Also, the start of Turkey's accession talks with the European Union has had a definite influence on this optimism.

ATB's transaction volumes expanded in 2005 driven by the progressively improving economy. There were no significant rate cuts throughout the year as in the previous year so financial actors continued to earn profits on treasury dealings. ATB's portfolio of Treasury Bills and Government Bonds provided better income compared to the previous year.

ATB's Treasury continued reaping the benefit of the Bank's long, widespread relationships with the Middle East, Arabic and North African countries and their financial institutions.

Due to the changes in Turkish lira dominated ATB balance sheet structure, the Bank was a net borrower from Turkish lira markets. During 2005, ATB paid US dollar 1.7 million net as interest expense, compared to 2004 when the Bank was a net lender, earning US dollar 4.12 million as interest income. Similarly, in Foreign Exchange money markets, ATB paid US dollar 2.77 million as interest expense during 2005 compared to US dollar 1.47 million in 2004 where ATB was net borrower at all times.

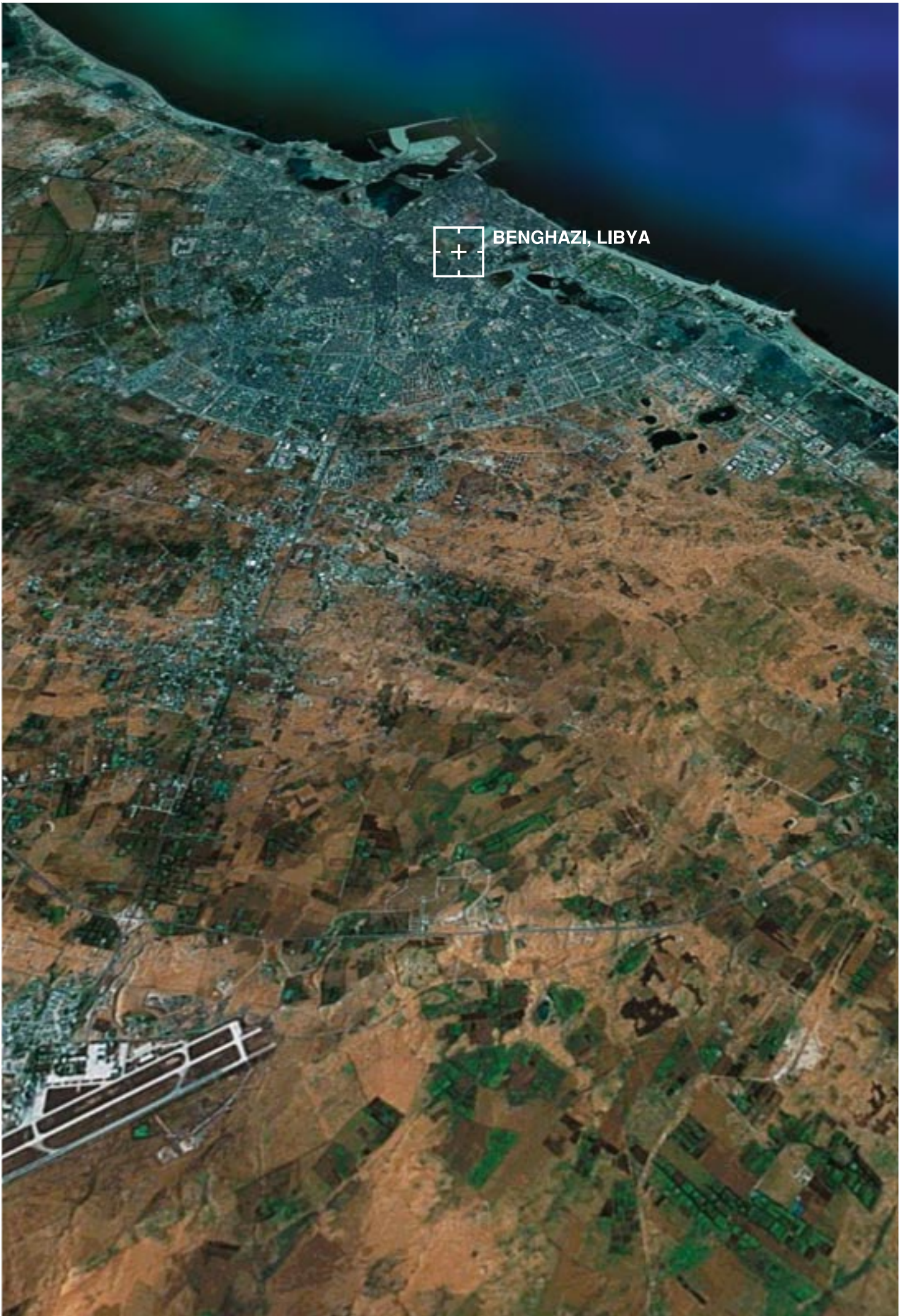
The annual average interest rate of the Government Bond portfolio was approximately 19.12% versus 31.36%. In the previous year, the Treasury Department invested in long-term products considering the well performing economy and decreasing interest rates. The Department continued implementing prudent and risk-averse policies. Accordingly, funds were invested in more conservative products.

In 2005, the Treasury Department held Eurobond portfolio equivalent to US dollar 55.7 million with an average yield of 7.67% p.a. The same portfolio was US dollar 42.3 million equivalent and yielded an average interest rate of 8.72% p.a. throughout the previous year.

In 2005, the Treasury Department also invested in foreign currency-denominated internal government debt securities throughout the year and reached US dollar 44.9 million with a yield of 5.93% on average. The same portfolio was US dollar 72.5 million equivalent and yielded an average interest rate of 4.58% throughout the previous year. The Department earned a total of US dollar 8.2 million as interest income from this portfolio during 2005; versus US dollar 4.3 million in 2004.

Treasury Transaction Volumes in 2005 and 2004

| 2004 | | 2005 | |
|-----------------------|-----------------------|-------------------------|-----------------------|
| Deposits Placed | Deposits Taken | Deposits Placed | Deposits Taken |
| NTL 182,700,000 | NTL 998,785,000 | NTL 177,300,000 | NTL 1,792,165,000 |
| US dollar 341,800,000 | US dollar 901,500,000 | US dollar 1,550,800,000 | US dollar 655,800,000 |
| € 368,200,000 | € 290,107,328 | € 719,400,000 | € 832,178,835 |



BENGAZI, LIBYA

Due to the positive trend in the Turkish economy, ATB places more importance on the marketing strategy and follow-up activities in an effort to expand the credit portfolio with reputable, reliable and creditworthy companies.

CREDITS

In 2005, Arab Turkish Bank continued using modern marketing methods and tools to expand its customer and business portfolio activities. In parallel with ATB's prudent lending policies, the Corporate and Retail Credits Marketing Department carried out its activities with selected clients. By 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, FX and Eximbank credits and non-cash credits.

Compared to the previous year, cash credits increased by 23% in 2005 whereas non-cash credits increased by 96% during the same period. This increase translated into a 71% increase of the total credit portfolio in 2005.

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

ATB adheres to a conservative credit policy when allocating credit lines to its customers. Generally, the Bank prefers to allocate credits to leading Turkish companies in good standing. Additionally, ATB has built strong relationships and gained extensive experience while working with companies from North Africa and the Middle East. In 2006, ATB will continue to adhere to conservative lending policies and will remain liquid by not taking long-term risk except with regard to top tier companies.

The ATB Credits Division has three departments:

The Corporate and Retail Marketing Department

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

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 a careful evaluation. The limit levels are discussed and determined by the Credit Evaluation Committee but submitted for further approval to the Board of Directors.

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 extraordinary banking transactions.

| Credit Portfolio of ATB | | | | |
|---|-----------|----------|-----------|----------|
| | 2004 | | 2005 | |
| | NTL | US\$ | NTL | US\$ |
| Type of Credit | thousands | millions | thousands | millions |
| Cash credits | 70,076 | 52.2 | 86,298 | 64.3 |
| Non-cash credits | 135,303 | 100.8 | 265,654 | 197.8 |
| Total credit portfolio | 205,379 | 153.0 | 351,952 | 262.0 |
| Total cash credits/ Total assets in percentage | | 21.2% | | 23.9% |
| FX cash credits | 24,200 | 18.0 | 27,364 | 20.4 |
| NTL cash credits | 45,876 | 34.2 | 58,934 | 43.9 |
| FX non-cash credits | 129,081 | 96.2 | 259,820 | 193.5 |
| NTL non-cash credits | 6,222 | 4.6 | 5,834 | 4.3 |
| Total FX credits | 153,281 | 114.2 | 287,184 | 213.9 |
| Total NTL credits | 52,098 | 38.8 | 64,768 | 48.2 |



KUWAIT

In commercial terms, North Africa and the Middle East have been the two regions where ATB has carried out a large number of commercial transactions.

CREDIT MARKETING

The marketing process begins at the branches where the first contact with a potential customer is made. The first contact occurs in two ways:

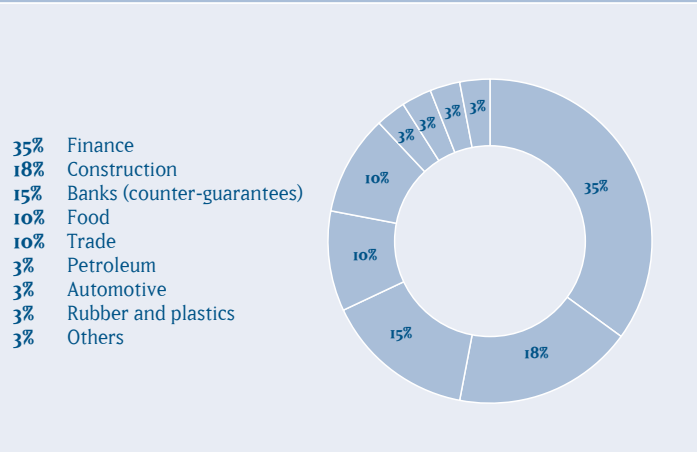
- The potential customer may approach the Bank with a specific request, or
- The Marketing Department of the branch may locate potential customers within the marketing strategies of the Bank.

When the Branch Credit Committee determines that a company is credible, they will follow through with the appropriate credit proposal.

The majority of ATB’s customers fall within "good" or "very good" companies. ATB allocates reserves for 100% of the non-performing loans at the end of each financial year. In 2006, ATB aims to increase the volume of its credit exposure with sound, reliable customers.

| Non-Performing Loans (NTL thousands) | | |
|--------------------------------------|--------|-------|
| | 2004 | 2005 |
| Loans under Legal Follow-up | 10,781 | 7,430 |
| Provisions | 10,775 | 7,430 |
| Net Non-Performing Loans | 6 | 0 |

The Breakdown of ATB’s Cash and Non-Cash Credit Exposure (excluding export L/C) by Industries as of December 31, 2005



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

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

INTERNATIONAL BANKING

Arab Turkish Bank’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 is able to provide its customers with numerous alternatives for their international business requirements in various sectors through correspondent bank facilities.

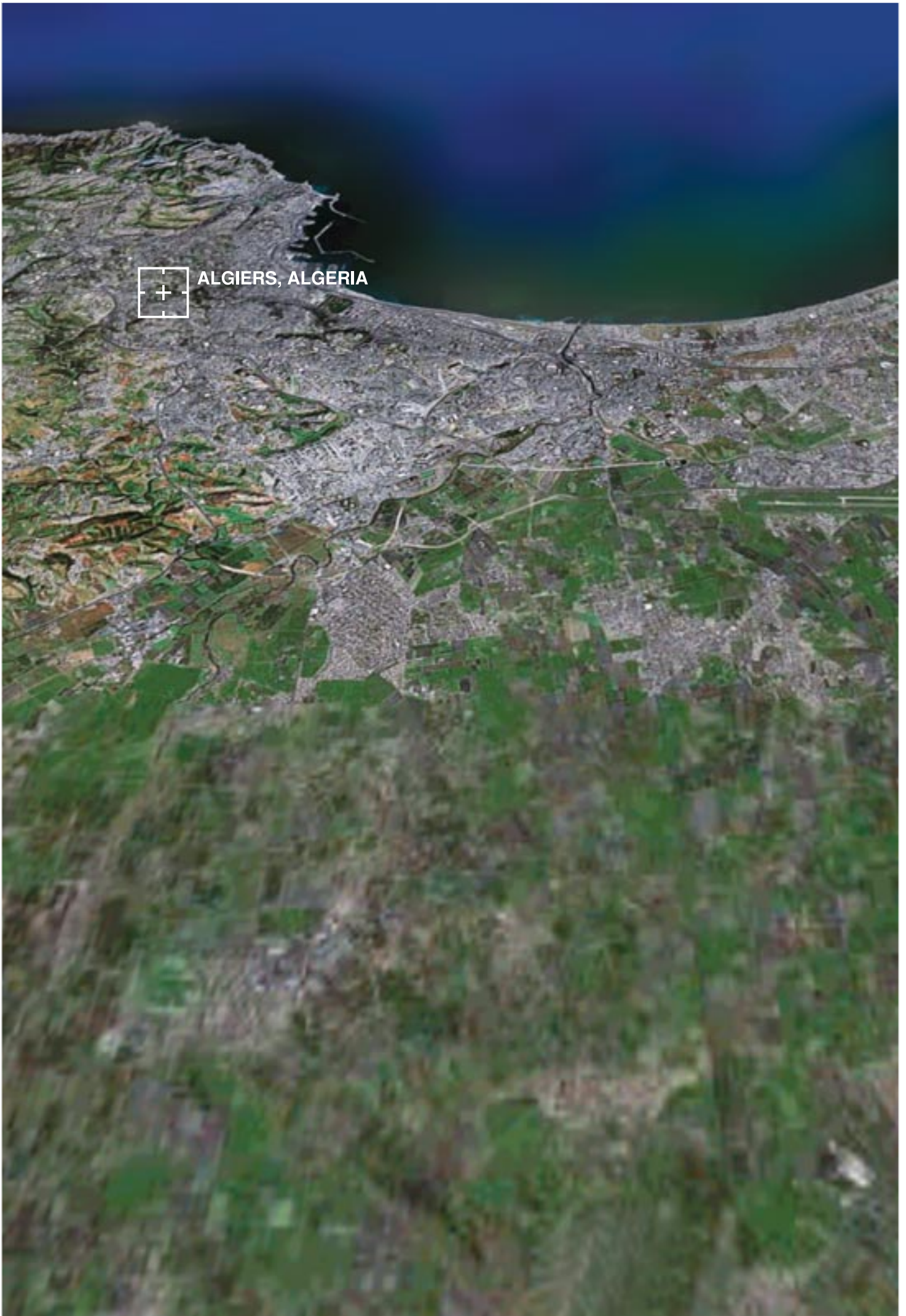
ATB has a global correspondent network that is constantly strengthening by encouraging close relationships coupled with high quality service in conformity with the application of Anti-Money Laundering and Know Your Customer Applications. In 2005, a substantial number of visits have been received and have been made to and from correspondent banks, creating the opportunity for negotiations to enlarge the available banking facilities.

In commercial terms, North Africa and the Middle East have been the two regions where ATB has carried out a large number of commercial transactions. Since its establishment, ATB has been active in these markets. The Bank has developed and conducted excellent working conditions with the region’s major international banks and financial institutions. Recently, ATB has stepped into Far East markets by handling foreign trade transactions as well.

ATB received noteworthy credit ratings from Fitch Ratings, confirming its solid growth and profitability both internationally and domestically at competitive standards.



ALGIERS, ALGERIA



A&T Finansal Kiralama A.Ş.'s (Leasing Company) excellent results in 2005 again confirm their stability and financial strength as well as the company's solid position in the Turkish leasing market.

A&T FİNANSAL KİRALAMA (LEASING) A.Ş.

A&T Finansal Kiralama A.Ş., established in July 1997, is a member of the Turkish Leasing Association; it is a joint stock company and a subsidiary of Arab Turkish Bank with a 99.98% share. The company leases capital assets to businesses and provides business loans to fund the purchase of assets leased by third parties. Additionally, it purchases, sells, imports and acquires movable and/or immovable property, vehicles, machines, equipment and utilizes commercial values in all sorts of financial leasing proceedings both domestically and abroad within the provisions of Turkish laws and legislation.

Business Performance

A&T Finansal Kiralama A.Ş.'s excellent results in 2005 again confirm their stability and financial strength as well as the company's solid position in the Turkish leasing market.

The company's total assets grew by 19% over the previous year to reach NTL 77.2 million, up from NTL 64.9 million. With a before-tax profit of NTL 7.4 million in 2005, the company successfully managed to hold its high level of profitability despite falling interest rates and intensified competition in the leasing market.

A&T Finansal Kiralama A.Ş. serves small and medium-size enterprises and has continuously expanded its market share as a consequence of well-established business strategies. With new contracts signed in 2005, the total outstanding leasing receivables of the Company rose to NTL 46 million, an increase of 37% over figures for the previous year.

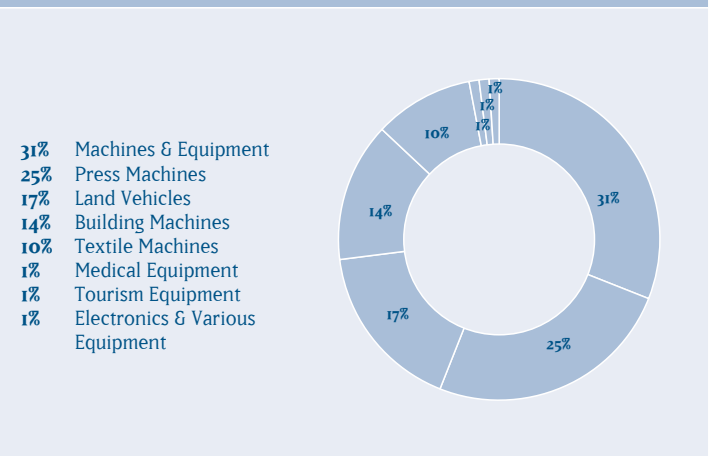
| Financial Highlights (NTL thousands) | | | |
|--------------------------------------|--------|--------|----------|
| | 2004 | 2005 | Growth % |
| Total Assets | 64.945 | 77.237 | 19 |
| Cash & Due from Banks | 23.965 | 20.151 | -16 |
| Outstanding Lease Receivables | 33.699 | 46.041 | 37 |
| Short-term Loans Received | 23.134 | 25.054 | 8 |
| Medium-term Loans Received | 19.514 | 20.664 | 6 |
| Net Income | 6.068 | 7.455 | 23 |
| Shareholders' Equity | 21.462 | 28.917 | 35 |

Lease Portfolio

A&T Finansal Kiralama A.Ş. manages its lease portfolio by emphasizing risk diversification based both on customer level and types of leased equipment.

As a result of its well-established strategies, the company has a portfolio composed of a variety of equipment, of relatively high value in the second-hand market. The high value of the asset portfolio in the second-hand market reduced the company's risk exposure substantially while enhancing its overall collections and profitability.

Fixed Asset Allocation Table as of December 31, 2005



Preserving its solid position in the marketplace, A&T Finansal Kiralama A.Ş. has continuously maintained its policy to obtain a portfolio composed of high quality assets. Since the establishment of A&T Finansal Kiralama A.Ş., no lawsuit has been started by the company regarding bad receivables.

Funding

Right from the start, A&T has provided advanced funding opportunities from a number of well respected banks and financial institutions. Most of the borrowing facilities have been established without guarantees; these sources see the company's strong financial position as the sole collateral for their credit lines. A&T Finansal Kiralama A.Ş. has repaid its loans on the dates due and new lines have been secured promptly.



A) BOARD OF DIRECTORS

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

2. Deputy Chairman : AL AMIN A. SHALLOUF

Date of Birth : 1944

Education : Lebanese University, Economics Department

Experience : 1997 - Present - Manager Libyan Arab Foreign
Bank, International Participation Department
1993 - 1997 General Manager, North Africa
Commercial Bank Beirut Lebanon



3. Member and**General Manager : MOHAMED NAJIB HMIDA EL-JAMAL**

Date of Birth : 1952
 Education : Al-Fateh University- Libya
 Faculty of Commerce
 Experience : 1993 - 1999 Libyan Arab Foreign Bank, Director
 of Int. Fin. Dept.
 1986 - 1993 Arab Bank for Investment &
 ForeignTrade/Abu Dhabi, Director of Int. Fin.
 Dept.

4. Member : KHALED M. N. M. AL-HERSHANI

Date of Birth : 1960
 Education : University of Kuwait,
 Bachelor of Science in Commerce
 Administrative Science, Business Finance
 Experience : Kuwait Investment Company
 1999 - Present Investment Manager European
 Investment Department Swiss Equity Portfolio
 1997 - 1999-Managing Director's Office -
 Investment Manager

5. 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 Manager of Research Department,
 Libyan Arab Foreign Bank Lecturer at University
 of Tripoli
 1989 - 1993-Chairman of Legal Research
 Department, Libyan Arab Foreign Bank

6. Member : ATILLA ÇETİNER

Date of Birth : 1953
 Education : Ankara Business Administration 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

7. Member : MUSTAFA RAJAB M. LAGILLI

Date of Birth : 1955
 Education : Ibn Rushd Islamic University, Business
 Administration Management Department
 Experience : 2000 - Present - Assistant Manager, Libyan Arab
 Foreign Bank
 1995 - 2000 - Manager of Shari Trade Bank,
 Banking Transactions

8. Member : MEHMET N. ERTEN

Date of Birth : 1951
 Education : Istanbul University, Business Administration
 Faculty - Finance
 Experience : 1989 - Present General Manager of Tekfenbank
 A.Ş.
 1985 - 1989 Toros Gübre ve Kimya Endüstri A.Ş.
 Assistant General Manager of Finance and
 Investment

9. Member : ÖMER ÇELEBİ

Date of Birth : 1959
 Education : Middle East Technical University, Bachelor of
 Science in Political Science and Public
 Administration
 University of Exeter - Masters 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.

10. Member : SHAREF SAID SHALABI

Date of Birth : 1952
 Education : University of Africa, Accountancy Department
 Experience : 1994 - Present Board and executive committee
 member UBAF Hong Kong
 1992 - Present Deputy Manager, Libyan Arab
 Foreign Bank, Foreign Exchange Department

11. Member : MOHAMED BENHALIMA

Date of Birth : 1938
 Education : University of Alger, Law Degree
 Experience : 2000 - Present Chairman of the Board of
 Directors, Housing Bank for Trade & Finance,
 Algeria
 1994 - 2000 General Manager and Chairman,
 Banque Extérieure d'Algérie

12. Secretary to the Board : BİGE SALTİK

B) EXECUTIVE MANAGEMENT

Mohamed Najib Hmida El-Jamal

Position : General Manager

Mehmet Oğuz Teoman

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

Date of Birth : 1952

Education : Ankara University Bachelor of Arts in International Relations from Faculty of Political Sciences

Experience : 1992 - 1995 Alternatif Bank, Asst. General Manager
1991 - 1992 State Bank of Westchester, New York U.S.A Vice President

Nuri Güzveli

Position : Asst. General Manager
Budget, Reporting & Accountancy Department

Date of Birth : 1955

Education : Boğaziçi University / Business Administration

Experience : 1993 - 1996 Kentbank, Coordinator / Int. Audit, Fin. Control, Planning & Acc. Dept.
1989 - 1992 Interbank, Manager / Fin. Control & Acc. Dept.

Khalifa M. Zrig

Position : Asst. General Manager
Credit Division, Investigation & Financial Analysis & Istanbul, Kozyatağı and Ankara Branches

Date of Birth : 1953

Education : University of Garyouns Benghazi /Libya
Bachelor of Science in Accountancy from the Faculty of Economics & Commerce

Experience : 1989 - 2000 Libyan Arab Foreign Bank, Deputy Manager of Loans Dept.
1981 - 1989 Arab Turkish Bank

C) STATUTORY AUDITORS

Mehmet Sevindik

Date of Birth : 1963

Education : Gazi University, Economics Department

Experience : 2005- Present T.C. Ziraat Bankası A.Ş. Güvenevler Branch Manager
2001 - 2005 T.C. Ziraat Bankası A.Ş. Head of External Reporting

Banking Experience : 18 years

Mehmet Karakılıç

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 : 16 years

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

D) CREDIT COMMITTEE AND RISK MANAGEMENT COMMITTEES

Credit Evaluation Committee

BİGE SALTİK, Chairman

BAHTİYAR KAMBEROĞLU, Member

HANDE ALAYDIN SÜRENKÖK, Member

ÖZGÜR ERKER, Member

E. MİNE ERCAN, Member

EMRAH GÖKDEMİR, Member

SALİH HATİPOĞLU (observer)

High Level Risk Committee

AYKUT DEMİRAY, Chairman

OĞUZ TEOMAN, Member

NURİ GÜZVELİ, Member

SALİH HATİPOĞLU, Member

Bank Risk Committee

SALİH HATİPOĞLU, Chairman

ERDEM ÖZENCİ, Member

CEM ERTAN, Member

Credit Risk Committee

CEM ERTAN, Member

Market Risk Committee

SALİH HATİPOĞLU, Member

Operational Risk Committee

ERDEM ÖZENCİ, Member

E) INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Report of the Board Member Responsible for Internal Control and Risk Management Systems

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 the Bank, to comply with the Regulation on Banks' Internal Control and Risk Management Systems, in addition to Inspection Council two independent bodies, the Risk Management Department and Internal Control Centre were established in November 2000 and October 2001, respectively. The management structure and the working principles of these departments have been determined.

As per the Regulation on Banks' Internal Control and Risk Management Systems, these three Departments operate under the Board member responsible for internal control and risk management systems of the Bank.

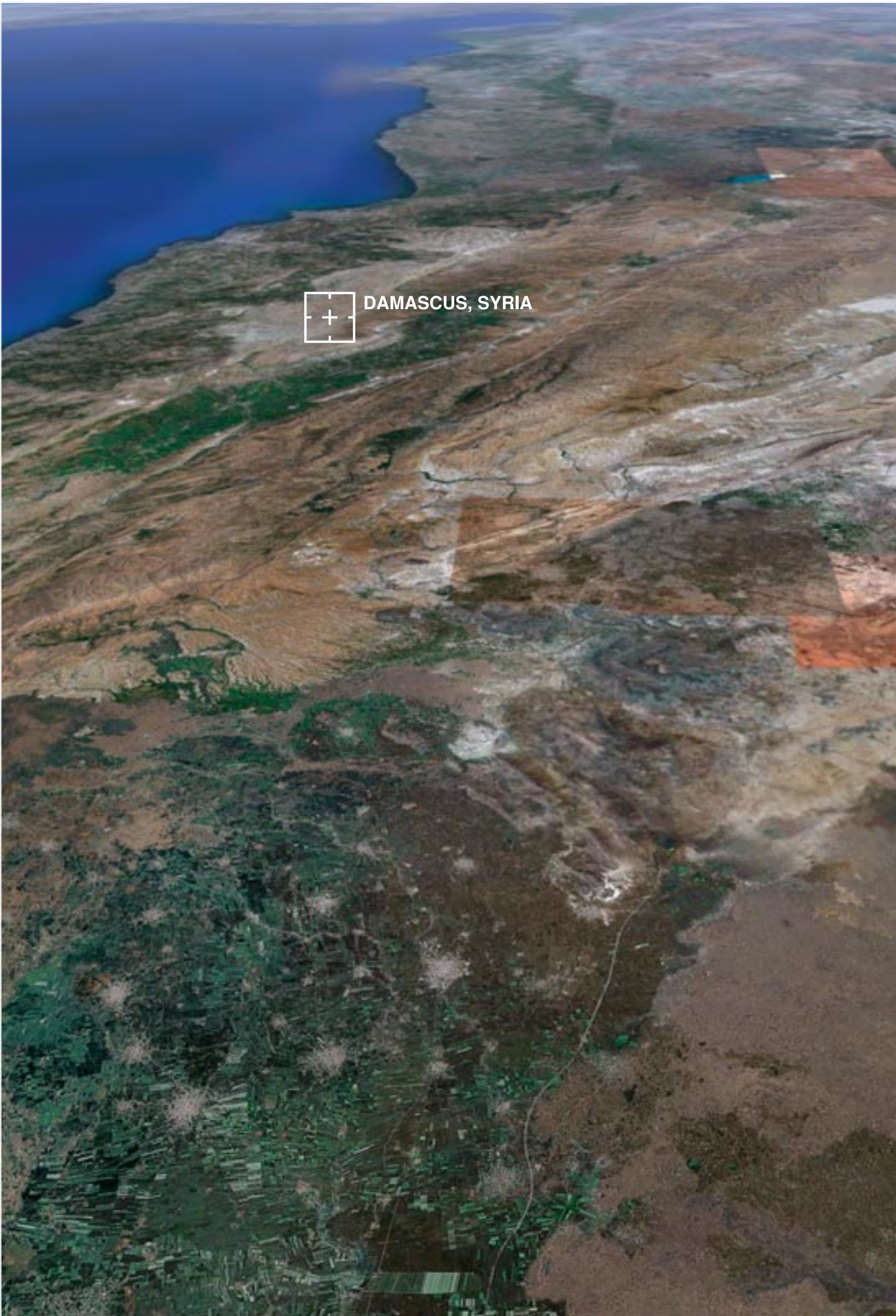
The Bank established an adequate internal control and risk management system in harmony with the scope and structure of its activities, able to respond to changing conditions and covering all branches and undertakings subject to consolidation to monitor and control risk that it encounters.

The High Level Risk Committee was established under the chairmanship of a Board Member responsible for the Internal Control and Risk Management System.

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.

Internal audit function of the Bank is 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 Board of Directors and the high level management of the Bank) on time so that the determined weaknesses can be eliminated without any delay.

The inspection duties, which are the integral part of Internal Audit Function, are being fulfilled in accordance with the related regulations and international standards by the Inspection Council in the Bank and in AGT Leasing Company which is the subsidiary under control. The internal audit process in general and compliance with the existing policies and procedures followed up by the Inspection Council to establish reliable internal audit standards in the Bank are adequate.



DAMASCUS, SYRIA

The Internal Control Centre fulfils the control duties on a continuous basis in detail in accordance with the Turkish Law & Regulations, the Bank's Policies & Procedures, Departmental Policies & Procedures and the 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 analysing, identifying, measuring, monitoring, reporting and controlling risk through credit, market and operational risk committees. 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 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.

Since the Regulation on Measurement and Assessment of Capital Adequacy of Banks came into effect, the Bank has considered market risk in the calculation of the Capital Adequacy Ratio (CAR). Authorisation and execution of trading limits and standards related to risk have been established. Working along these lines, the Bank has adopted the Standard Method to foresee market risk and calculate the amount of capital required to cover possible losses that may result under this risk category. The Risk Management Department also uses other risk analysis methods to effectively manage the Bank's risk. With the application of Basel II, the Bank plans to use Value at Risk (VAR) method for daily market risk measurement.

ATB's primary objective is to achieve the qualitative standards of the Basel Committee, by applying policy and procedures and by developing risk management and internal control culture within the Bank. In 2005, ATB continued studies to prepare itself for the Basel II standards, which will be in effect by the beginning of 2008. In this respect, the strategy of the Bank for the adaptation to Basel II process has been determined and a road map has been put into practice in order to ensure proper adaptation of the Bank to Basel II in parallel with the criteria and time schedule of the regulatory authority, BRSA.

The ultimate goal of Internal Control and Risk Management 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.

A. Aykut Demiray

The Chairman of the Board of Directors &
The Chairman of the High Level Risk Committee

F) RELATED PARTY TRANSACTIONS

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

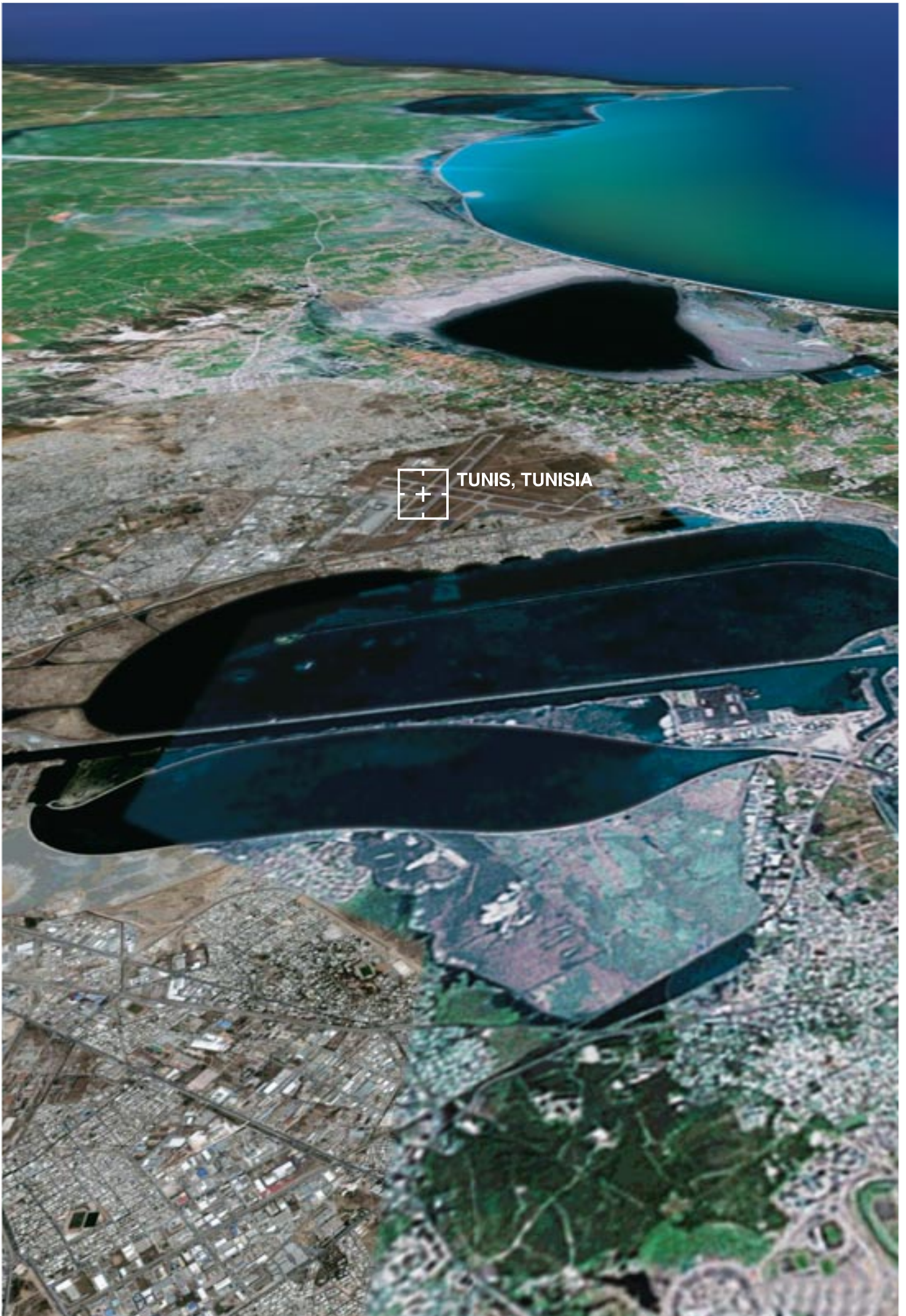
G) HUMAN RESOURCES

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

The management strategy encourages the staff 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 2005 enjoyed a participation rate of 115% of the total staff, at all levels of the organisation. This demonstrates the importance the Bank places on training activities. The staff performances and their present seniorities are evaluated by the General Management and as a result, successful staff are rewarded with promotions the end of each year.

Throughout the year, the recruitment and placement of skilled bankers and experts was ongoing. Maximum productivity and performance was achieved by interviewing the candidates from various resources and placing the successful ones as new staff members in strategic, profit-oriented departments; this process was complemented by internal transfers to new positions via the assignment of key personnel among the present staff.

As a result of these effective recruitment and training activities, Arab Turkish Bank has built a dynamic, experienced and well-educated team of banking professionals. As of the end of December 2005, the Bank had three branches and 184 employees of whom approximately more than half were university graduates with an average of eight years experience in the banking sector and an average age of 37.



TUNIS, TUNISIA

During 2005, Arab Turkish Bank pursued prudent expansion strategies and lending policies to avoid possible credit and market risks and to achieve stable growth.

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS

WITH THE RELATED EXPLANATIONS & FOOTNOTES

AS OF DECEMBER 31, 2005 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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

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

ARAP TÜRK BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT
AS OF DECEMBER 31, 2005

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

We have audited the balance sheet of Arap Türk Bankası Anonim Şirketi (the Bank) as of December 31, 2005 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to express an opinion on these financial statements based on our audit.

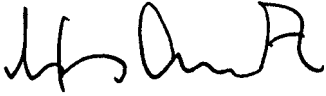
We conducted our audit in accordance with the auditing standards which were determined under the provisions of Banking Law number 4389 as referred by the temporary article 1 of Banking Law number 5411. These standards require that the audit should be planned and performed to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Arap Türk Bankası Anonim Şirketi as of December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles and standards that are based on Article 13 of the Banking Law number 4389.

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board. The effects of the differences between these accounting principles and accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with the accounting principles and standards that are based on Article 13 of the Banking Law number 4389 will be issued separately.

Güney Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
An Affiliated Firm of Ernst & Young International



Müşfik Cantekinler, SMMM
Engagement Partner

January 27, 2006
Istanbul, Turkey

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency – thousands of YTL)

SECTION ONE**GENERAL INFORMATION**

Name of the Bank: Arap Türk Bankası A.Ş.

Address, Telephone and Fax Numbers of the Head Office:

Address : Valikonağı Cad. No:10 Nişantaşı 34367 Şişli/İstanbul

Phone : (212) 225 05 00 (20 Line)

Fax : (212) 225 05 26

Web Site and e-mail Address:Web site : <http://www.arabturkbank.com>E-mail address : webmaster@arabturkbank.com**Reporting Period:**

January 1 – December 31, 2005

Reporting Currency:

Unless otherwise stated, all amounts at the accompanying financial statements and related notes and explanations are expressed in Thousands of New Turkish Lira (YTL).

I. Bank's establishment date, status of establishment, history of the bank and changes at the related status

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 Arab 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., Tekfenbank A.Ş. and Emek İnşaat ve İşletme A.Ş. The foreign participation at the share capital is 54.09%. The main shareholder Libyan Arab Foreign Bank is related to Treasury of Libya and has financial investments in various countries.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

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 | Duty | Date of Beginning of Duty | Education | Experience in Banking and Administration (*) |
|------------------------------|--------------------------------|---------------------------|------------|--|
| A. Aykut Demiray | Chairman of Board of Directors | 06.11.2002 | University | 25 year |
| Al-Amin Ashour Shallouf | Deputy Chairman of Board | 25.10.2001 | University | 41 year |
| Ömer Çelebi | Member of Board | 14.04.2005 | University | 22 year |
| Mehmet Nazmi Erten | Member of Board | 01.11.2000 | University | 27 year |
| Atilla Çetiner | Member of Board | 19.09.2002 | University | 27 year |
| Khaled M.N. Alhershani | Member of Board | 03.05.2001 | University | 19 year |
| Mohammed Benhalima | Member of Board | 06.08.2001 | University | 40 year |
| Sharef Said Ali Shalabi | Member of Board | 25.10.2001 | University | 31 year |
| Mustafa Rajab M. Lagilli | Member of Board | 17.08.2004 | University | 31 year |
| Dr. Aisha Salem El Haji | Member of Board | 25.10.2001 | Ph.D. | 18 year |
| Mehmet Sevindik | Auditor | 26.10.2001 | University | 18 year |
| Mehmet Karakılıç | Auditor | 24.03.2005 | University | 16 year |
| Mohamed Najib Hmida El-Jamal | General Manager | 27.07.1999 | University | 24 year |
| M. Oğuz Teoman | Assistant General Manager | 02.10.1995 | University | 29 year |
| Nuri Güzveli | Assistant General Manager | 01.12.1996 | University | 27 year |
| Khalifa M. Zrig | Assistant General Manager | 30.11.2000 | University | 29 year |

(*) This information is provided by the Bank and convenient to the information owned by the Bank about the directors.

Hakan Barut, member of Board, was resigned at 2005 and Ömer Çelebi is appointed for him. Mehmet Karakılıç is appointed as auditor for former auditor Efe Gündeş.

Members of Board, auditors and top management do not have participation at share capital of the Bank.

IV. 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 and other four different entities

ARAP TÜRK BANKASI A.Ş.

BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

ARAB TURKISH BANK 2005 ANNUAL REPORT

| ASSETS | Notes (V-1) | YTL | Audited Dec 31, 2005 | | YTL | Audited Dec 31, 2004 | |
|---|-------------|----------------|-------------------------|----------------|----------------|-------------------------|----------------|
| | | | FC | Total | | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY | (i) | 429 | 7,776 | 8,205 | 213 | 1,022 | 1,235 |
| 1.1. Cash | | 57 | - | 57 | 138 | - | 138 |
| 1.2. Foreign currency | | - | 1,094 | 1,094 | - | 865 | 865 |
| 1.3. Balances with the Central Bank of Turkey | | 372 | 6,682 | 7,054 | 75 | 9 | 84 |
| 1.4. Other | | - | - | - | - | 148 | 148 |
| II. TRADING SECURITIES (Net) | (2) | 36,814 | 65,816 | 102,630 | 12,980 | 21,687 | 34,667 |
| 2.1. Public sector debt securities | | 36,814 | 60,016 | 96,830 | 12,980 | 21,687 | 34,667 |
| 2.1.1. Government bonds | | 36,814 | 60,016 | 96,830 | 12,980 | 21,687 | 34,667 |
| 2.1.2. Treasury bills | | - | - | - | - | - | - |
| 2.1.3. Other public sector debt securities | | - | - | - | - | - | - |
| 2.2. Share certificates | | - | - | - | - | - | - |
| 2.3. Other marketable securities | | - | 5,800 | 5,800 | - | - | - |
| III. BANKS AND OTHER FINANCIAL INSTITUTIONS | (3) | 14 | 12,714 | 12,728 | 15 | 3,539 | 3,554 |
| 3.1. Due from banks | | 14 | 12,714 | 12,728 | 15 | 3,539 | 3,554 |
| 3.1.1. Domestic banks | | 14 | 11,146 | 11,160 | 15 | 60 | 75 |
| 3.1.2. Foreign banks | | - | 1,568 | 1,568 | - | 3,479 | 3,479 |
| 3.1.3. Branches and offices abroad | | - | - | - | - | - | - |
| 3.2. Other financial institutions | | - | - | - | - | - | - |
| IV. MONEY MARKET SECURITIES | (4) | - | - | - | 600 | 6,711 | 7,311 |
| 4.1. Interbank money market placements | | - | - | - | 600 | 6,711 | 7,311 |
| 4.2. Istanbul Stock Exchange money market placements | | - | - | - | - | - | - |
| 4.3. Receivables from reverse repurchase agreements | | - | - | - | - | - | - |
| V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net) | (5) | 131 | 755 | 886 | 131 | 755 | 886 |
| 5.1. Share certificates | | - | - | - | - | - | - |
| 5.2. Other marketable securities | | 131 | 755 | 886 | 131 | 755 | 886 |
| VI. LOANS | (6) | 58,935 | 27,363 | 86,298 | 45,882 | 24,200 | 70,082 |
| 6.1. Short term | | 49,405 | 27,363 | 76,768 | 32,366 | 24,200 | 56,566 |
| 6.2. Medium and long term | | 9,530 | - | 9,530 | 13,510 | - | 13,510 |
| 6.3. Loans under follow-up | | 7,430 | - | 7,430 | 10,781 | - | 10,781 |
| 6.4. Specific provisions (-) | | 7,430 | - | 7,430 | 10,775 | - | 10,775 |
| VII. FACTORING RECEIVABLES | (7) | - | - | - | - | - | - |
| VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net) | (8) | 4,020 | 74,138 | 78,158 | 8,342 | 131,140 | 139,482 |
| 8.1. Public sector debt securities | | 4,020 | 49,388 | 53,408 | 8,342 | 131,140 | 139,482 |
| 8.1.1. Government bonds | | 4,020 | 49,388 | 53,408 | 8,342 | 131,140 | 139,482 |
| 8.1.2. Treasury bills | | - | - | - | - | - | - |
| 8.1.3. Other public sector debt securities | | - | - | - | - | - | - |
| 8.2. Other marketable securities | | - | 24,750 | 24,750 | - | - | - |
| IX. INVESTMENTS AND ASSOCIATES (Net) | (9) | - | - | - | - | - | - |
| 9.1. Financial investments and associates | | - | - | - | - | - | - |
| 9.2. Non-Financial investments and associates | | - | - | - | - | - | - |
| X. SUBSIDIARIES (Net) | (10) | 20,456 | - | 20,456 | 16,956 | - | 16,956 |
| 10.1. Financial subsidiaries | | 20,456 | - | 20,456 | 16,956 | - | 16,956 |
| 10.2. Non-Financial subsidiaries | | - | - | - | - | - | - |
| XI. INVESTMENTS (Net) | (11) | - | - | - | - | - | - |
| XII. FINANCE LEASE RECEIVABLES (Net) | (12) | - | - | - | - | - | - |
| 12.1. Gross finance lease receivables | | - | - | - | - | - | - |
| 12.2. Unearned income (-) | | - | - | - | - | - | - |
| XIII. RESERVE DEPOSITS | | - | 17,658 | 17,658 | 70 | 18,280 | 18,350 |
| XIV. MISCELLANEOUS RECEIVABLES | (13) | 5 | 181 | 186 | 2 | 177 | 179 |
| XV. ACCRUED INTEREST AND INCOME RECEIVABLE | (14) | 4,858 | 2,408 | 7,266 | 5,155 | 3,947 | 9,102 |
| 15.1. Loans | | 644 | 276 | 920 | 659 | 194 | 853 |
| 15.2. Marketable securities | | 4,210 | 1,978 | 6,188 | 4,492 | 3,708 | 8,200 |
| 15.3. Other | | 4 | 154 | 158 | 4 | 45 | 49 |
| XVI. PROPERTY AND EQUIPMENT (Net) | (15) | 23,394 | - | 23,394 | 24,616 | - | 24,616 |
| 16.1. Book value | | 37,435 | - | 37,435 | 37,516 | - | 37,516 |
| 16.2. Accumulated Depreciation (-) | | 14,041 | - | 14,041 | 12,900 | - | 12,900 |
| XVII. INTANGIBLE ASSETS (Net) | (16) | 442 | - | 442 | 411 | - | 411 |
| 17.1. Goodwill | | - | - | - | - | - | - |
| 17.2. Other | | 2,493 | - | 2,493 | 2,307 | - | 2,307 |
| 17.3. Accumulated Amortisation (-) | | 2,051 | - | 2,051 | 1,896 | - | 1,896 |
| XVIII. DEFERRED TAX ASSETS | (17) | 1,990 | - | 1,990 | 1,589 | - | 1,589 |
| XIX. OTHER ASSETS | (18) | 900 | - | 900 | 2,135 | - | 2,135 |
| TOTAL ASSETS | | 152,388 | 208,809 | 361,197 | 119,097 | 211,458 | 330,555 |

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

ARAP TÜRK BANKASI A.Ş.

BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

| LIABILITIES | Notes (V-II) | Audited Dec 31, 2005 | | | Audited Dec 31, 2004 | | |
|---|--------------|-------------------------|----------------|----------------|-------------------------|----------------|----------------|
| | | YTL | FC | Total | YTL | FC | Total |
| I. DEPOSITS | (i) | 5,332 | 65,177 | 70,509 | 1,206 | 43,568 | 44,774 |
| 1.1. Interbank deposits | | 3,900 | 32,787 | 36,687 | - | 10,691 | 10,691 |
| 1.2. Saving deposits | | 652 | - | 652 | 652 | - | 652 |
| 1.3. Public sector deposits | | - | - | - | - | - | - |
| 1.4. Commercial deposits | | 546 | - | 546 | 336 | - | 336 |
| 1.5. Other institutions deposits | | 234 | - | 234 | 218 | - | 218 |
| 1.6. Foreign currency deposits | | - | 32,390 | 32,390 | - | 32,877 | 32,877 |
| 1.7. Precious metals deposits | | - | - | - | - | - | - |
| II. INTERBANK MONEY MARKET | | 29,336 | - | 29,336 | 3,517 | - | 3,517 |
| 2.1. Interbank money market takings | | - | - | - | - | - | - |
| 2.2. Istanbul Stock Exchange money market takings | | 20,000 | - | 20,000 | 2,900 | - | 2,900 |
| 2.3. Funds provided under repurchase agreements | (2) | 9,336 | - | 9,336 | 617 | - | 617 |
| III. FUNDS BORROWED | (3) | 523 | 152,651 | 153,174 | 215 | 178,223 | 178,438 |
| 3.1. Funds borrowed from the Central Bank of Turkey | | - | - | - | - | - | - |
| 3.2. Other funds borrowed | | 523 | 152,651 | 153,174 | 215 | 178,223 | 178,438 |
| 3.2.1. Domestic banks and institutions | | 523 | 1,988 | 2,511 | 215 | 1,352 | 1,567 |
| 3.2.2. Foreign banks, institutions and funds | | - | 150,663 | 150,663 | - | 176,871 | 176,871 |
| IV. MARKETABLE SECURITIES ISSUED (Net) | (4) | - | - | - | - | - | - |
| 4.1. Bills | | - | - | - | - | - | - |
| 4.2. Asset backed securities | | - | - | - | - | - | - |
| 4.3. Bonds | | - | - | - | - | - | - |
| V. FUNDS | (5) | - | - | - | - | - | - |
| VI. MISCELLANEOUS PAYABLES | (6) | 12 | 2,494 | 2,506 | 93 | 4,113 | 4,206 |
| VII. OTHER EXTERNAL RESOURCES | (7) | 136 | 856 | 992 | 5 | 573 | 578 |
| VIII. TAXES AND OTHER DUTIES PAYABLE | (8) | 551 | - | 551 | 575 | - | 575 |
| IX. FACTORING PAYABLES | (9) | - | - | - | - | - | - |
| X. FINANCE LEASE PAYABLES (Net) | (10) | - | - | - | 25 | - | 25 |
| 10.1. Finance Leasing Payables | | - | - | - | 25 | - | 25 |
| 10.2. Deferred finance leasing expenses (-) | | - | - | - | - | - | - |
| XI. ACCRUED INTEREST AND EXPENSES PAYABLE | (11) | 217 | 452 | 669 | 183 | 490 | 673 |
| 11.1. Deposits | | 11 | 90 | 101 | 9 | 93 | 102 |
| 11.2. Borrowings | | 7 | 362 | 369 | 3 | 397 | 400 |
| 11.3. Repurchase agreements | | 8 | - | 8 | - | - | - |
| 11.4. Other | | 191 | - | 191 | 171 | - | 171 |
| XII. PROVISIONS | (12) | 6,218 | 162 | 6,380 | 5,126 | 29 | 5,155 |
| 12.1. General provisions | | 1,002 | - | 1,002 | 619 | - | 619 |
| 12.2. Reserve for employee termination benefits | | 2,774 | - | 2,774 | 2,571 | - | 2,571 |
| 12.3. Provisions for income taxes | | 1,123 | - | 1,123 | 1,923 | - | 1,923 |
| 12.4. Insurance technical reserves (Net) | | - | - | - | - | - | - |
| 12.5. Other provisions | | 1,319 | 162 | 1,481 | 13 | 29 | 42 |
| XIII. SUBORDINATED LOANS | (12) | - | 16,116 | 16,116 | - | 16,105 | 16,105 |
| XIV. DEFERRED TAX LIABILITIES | | - | - | - | - | - | - |
| XV. SHAREHOLDERS' EQUITY | (13) | 80,964 | - | 80,964 | 76,509 | - | 76,509 |
| 15.1. Paid-in capital | | 41,000 | - | 41,000 | 29,000 | - | 29,000 |
| 15.2. Supplementary capital | | 33,004 | - | 33,004 | 39,004 | - | 39,004 |
| 15.2.1. Share premium | (14) | - | - | - | - | - | - |
| 15.2.2. Share cancellation profits | | - | - | - | - | - | - |
| 15.2.3. Marketable securities value increase fund | (15) | - | - | - | - | - | - |
| 15.2.4. Revaluation fund | (16) | - | - | - | - | - | - |
| 15.2.5. Value increase in revaluation fund | (17) | - | - | - | - | - | - |
| 15.2.6. Other capital reserves | | 33,004 | - | 33,004 | 39,004 | - | 39,004 |
| 15.2.7. Adjustment to paid-in capital | | - | - | - | - | - | - |
| 15.3. Profit reserves | | 781 | - | 781 | 498 | - | 498 |
| 15.3.1. Legal reserves | (18) | 781 | - | 781 | 498 | - | 498 |
| 15.3.2. Status reserves | | - | - | - | - | - | - |
| 15.3.3. Extraordinary reserves | (19) | - | - | - | - | - | - |
| 15.3.4. Other profit reserves | | - | - | - | - | - | - |
| 15.4. Profit or loss | | 6,179 | - | 6,179 | 8,007 | - | 8,007 |
| 15.4.1. Prior year income/loss | | 1,724 | - | 1,724 | 1,982 | - | 1,982 |
| 15.4.2. Current year income/loss | | 4,455 | - | 4,455 | 6,025 | - | 6,025 |
| TOTAL LIABILITIES | | 123,289 | 237,908 | 361,197 | 87,454 | 243,101 | 330,555 |

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

ARAP TÜRK BANKASI A.Ş.

STATEMENTS OF CONTINGENCIES AND COMMITMENTS AS OF DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

ARAB TURKISH BANK 2005 ANNUAL REPORT

| | Notes (V-IV) | Audited Dec 31, 2005 | | | Audited Dec 31, 2004 | | |
|---|---------------|-------------------------|---------|---------|-------------------------|---------|---------|
| | | YTL | FC | Total | YTL | FC | Total |
| A. OFF BALANCE SHEET COMMITMENTS | | | | | | | |
| I. GUARANTEES AND WARRANTIES | (3), (5), (8) | 6,802 | 273,316 | 280,118 | 7,145 | 130,429 | 137,574 |
| 1.1. Letters of guarantee | | 5,834 | 259,819 | 265,653 | 6,222 | 129,081 | 135,303 |
| 1.1.1. Guarantees subject to State Tender Law | | 5,834 | 58,669 | 64,503 | 6,222 | 67,429 | 73,651 |
| 1.1.2. Guarantees given for foreign trade operations | | 4,628 | 815 | 5,443 | 4,017 | 80 | 4,097 |
| 1.1.3. Other letters of guarantee | | 473 | 44,276 | 44,749 | 1,167 | 49,430 | 50,597 |
| 1.2. Bank acceptances | | 733 | 13,578 | 14,311 | 1,038 | 17,919 | 18,957 |
| 1.2.1. Import letter of acceptance | | - | - | - | - | - | - |
| 1.2.2. Other bank acceptances | | - | - | - | - | - | - |
| 1.3. Letters of credit | | - | 111,109 | 111,109 | - | 61,652 | 61,652 |
| 1.3.1. Documentary letters of credit | | - | 670 | 670 | - | 11,340 | 11,340 |
| 1.3.2. Other letters of credit | | - | 110,439 | 110,439 | - | 50,312 | 50,312 |
| 1.4. Prefinancing given as guarantee | | - | - | - | - | - | - |
| 1.5. Endorsements | | - | - | - | - | - | - |
| 1.5.1. Endorsements to the Central Bank of Turkey | | - | - | - | - | - | - |
| 1.5.2. Other endorsements | | - | - | - | - | - | - |
| 1.6. Securities issue purchase guarantees | | - | - | - | - | - | - |
| 1.7. Factoring guarantees | | - | - | - | - | - | - |
| 1.8. Other guarantees | | - | 90,041 | 90,041 | - | - | - |
| 1.9. Other warranties | | - | - | - | - | - | - |
| II. COMMITMENTS | (3), (5) | 968 | - | 968 | 923 | - | 923 |
| 2.1. Irrevocable commitments | | 968 | - | 968 | 923 | - | 923 |
| 2.1.1. Asset purchase commitments | | - | - | - | - | - | - |
| 2.1.2. Deposit purchase and sales commitments | | - | - | - | - | - | - |
| 2.1.3. Share capital commitment to associates and subsidiaries | | - | - | - | - | - | - |
| 2.1.4. Loan granting commitments | | - | - | - | - | - | - |
| 2.1.5. Securities issue brokerage commitments | | - | - | - | - | - | - |
| 2.1.6. Commitments for reserve deposit requirements | | - | - | - | - | - | - |
| 2.1.7. Payment commitments for checks | | - | - | - | - | - | - |
| 2.1.8. Tax and fund liabilities from export commitments | | - | - | - | - | - | - |
| 2.1.9. Commitments for credit card expenditure limits | | - | - | - | - | - | - |
| 2.1.10. Receivables from short sale commitments | | - | - | - | - | - | - |
| 2.1.11. Payables for short sale commitments | | - | - | - | - | - | - |
| 2.1.12. Other irrevocable commitments | | 968 | - | 968 | 923 | - | 923 |
| 2.2. Revocable commitments | | - | - | - | - | - | - |
| 2.2.1. Revocable loan granting commitments | | - | - | - | - | - | - |
| 2.2.2. Other revocable commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (2) | - | 13,497 | 13,497 | - | 1,348 | 1,348 |
| 3.1. Forward foreign currency buy/sell transactions | | - | - | - | - | - | - |
| 3.1.1. Forward foreign currency transactions-buy | | - | - | - | - | - | - |
| 3.1.2. Forward foreign currency transactions-sell | | - | - | - | - | - | - |
| 3.2. Swap transactions related to foreign currency and interest rates | | - | 13,497 | 13,497 | - | 1,348 | 1,348 |
| 3.2.1. Foreign currency swap-buy | | - | 6,782 | 6,782 | - | 677 | 677 |
| 3.2.2. Foreign currency swap-sell | | - | 6,715 | 6,715 | - | 671 | 671 |
| 3.2.3. Interest rate swaps-buy | | - | - | - | - | - | - |
| 3.2.4. Interest rate swaps-sell | | - | - | - | - | - | - |
| 3.3. Foreign currency, interest rate and security options | | - | - | - | - | - | - |
| 3.3.1. Foreign currency options-buy | | - | - | - | - | - | - |
| 3.3.2. Foreign currency options-sell | | - | - | - | - | - | - |
| 3.3.3. Interest rate options-buy | | - | - | - | - | - | - |
| 3.3.4. Interest rate options-sell | | - | - | - | - | - | - |
| 3.3.5. Securities options-buy | | - | - | - | - | - | - |
| 3.3.6. Securities options-sell | | - | - | - | - | - | - |
| 3.4. Foreign currency futures | | - | - | - | - | - | - |
| 3.4.1. Foreign currency futures-buy | | - | - | - | - | - | - |
| 3.4.2. Foreign currency futures-sell | | - | - | - | - | - | - |
| 3.5. Interest rate futures | | - | - | - | - | - | - |
| 3.5.1. Interest rate futures-buy | | - | - | - | - | - | - |
| 3.5.2. Interest rate futures-sell | | - | - | - | - | - | - |
| 3.6. Other | | - | - | - | - | - | - |
| B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI) | | 15,175 | 21,062 | 36,237 | 15,358 | 19,344 | 34,702 |
| IV. ITEMS HELD IN CUSTODY | (6) | 12,830 | 2,058 | 14,888 | 11,563 | 1,445 | 13,008 |
| 4.1. Assets under management | | - | - | - | - | - | - |
| 4.2. Investment securities held in custody | | 8,764 | - | 8,764 | 8,905 | - | 8,905 |
| 4.3. Checks received for collection | | 3,840 | 91 | 3,931 | 2,439 | 87 | 2,526 |
| 4.4. Commercial notes received for collection | | 226 | 1,967 | 2,193 | 219 | 1,358 | 1,577 |
| 4.5. Other assets received for collection | | - | - | - | - | - | - |
| 4.6. Assets received for public offering | | - | - | - | - | - | - |
| 4.7. Other items under custody | | - | - | - | - | - | - |
| 4.8. Custodians | | - | - | - | - | - | - |
| V. PLEDGED ITEMS | | 2,345 | 19,004 | 21,349 | 3,795 | 17,899 | 21,694 |
| 5.1. Marketable securities | | - | - | - | - | - | - |
| 5.2. Guarantee notes | | 2,154 | 17,425 | 19,579 | 3,596 | 16,321 | 19,917 |
| 5.3. Commodity | | 191 | 1,579 | 1,770 | 199 | 1,578 | 1,777 |
| 5.4. Warranty | | - | - | - | - | - | - |
| 5.5. Immovables | | - | - | - | - | - | - |
| 5.6. Other pledged items | | - | - | - | - | - | - |
| 5.7. Pledged items-depository | | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | - | - | - | - | - | - |
| TOTAL OFF BALANCE SHEET COMMITMENTS | | 21,977 | 294,378 | 316,355 | 22,503 | 149,773 | 172,276 |

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

ARAP TÜRK BANKASI A.Ş.

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

| STATEMENT OF INCOME | Notes (V-III) | Audited December 31, 2005 | Audited December 31, 2004 |
|---|---------------|------------------------------|------------------------------|
| I. INTEREST INCOME | (1) | 24,948 | 29,203 |
| 1.1. Interest on loans | | 8,730 | 6,775 |
| 1.1.1. Interest on TC loans | | 6,642 | 5,130 |
| 1.1.1.1. Short term loans | | 6,039 | 4,245 |
| 1.1.1.2. Medium and long term loans | | 603 | 885 |
| 1.1.2. Interest on foreign currency loans | | 1,560 | 1,285 |
| 1.1.2.1. Short term loans | | 1,560 | 1,285 |
| 1.1.2.2. Medium and long term loans | | - | - |
| 1.1.3. Interest on loans under follow-up | | 528 | 360 |
| 1.1.4. Premiums received from Resource Utilisation Support Fund | | - | - |
| 1.2. Interest received from reserve deposits | | 262 | 137 |
| 1.3. Interest received from banks | | 659 | 353 |
| 1.3.1. The Central Bank of Turkey | | 1 | - |
| 1.3.2. Domestic banks | | 460 | 44 |
| 1.3.3. Foreign banks | | 198 | 309 |
| 1.3.4. Branches and offices abroad | | - | - |
| 1.4. Interest received from money market transactions | | 121 | 72 |
| 1.5. Interest received from marketable securities portfolio | | 15,175 | 21,863 |
| 1.5.1. Trading securities | | 5,980 | 6,732 |
| 1.5.2. Available-for-sale securities | | - | - |
| 1.5.3. Held to maturity securities | | 9,195 | 15,131 |
| 1.6. Other interest income | | 1 | 3 |
| II. INTEREST EXPENSE | (2) | 8,889 | 5,748 |
| 2.1. Interest on deposits | | 1,389 | 994 |
| 2.1.1. Interbank deposits | | 996 | 537 |
| 2.1.2. Saving deposits | | 79 | 134 |
| 2.1.3. Public sector deposits | | - | - |
| 2.1.4. Commercial deposits | | 24 | 32 |
| 2.1.5. Other institutions deposits | | - | - |
| 2.1.6. Foreign currency deposits | | 290 | 291 |
| 2.1.7. Precious metals deposits | | - | - |
| 2.2. Interest on money market transactions | | 1,539 | 661 |
| 2.3. Interest on funds borrowed | | 5,839 | 3,879 |
| 2.3.1. The Central Bank of Turkey | | - | - |
| 2.3.2. Domestic banks | | 173 | 177 |
| 2.3.3. Foreign banks | | 5,666 | 3,702 |
| 2.3.4. Branches and offices abroad | | - | - |
| 2.3.5. Other financial institutions | | - | - |
| 2.4. Interest on securities issued | | - | - |
| 2.5. Other interest expense | | 122 | 214 |
| III. NET INTEREST INCOME (I - II) | | 16,059 | 23,455 |
| IV. NET FEES AND COMMISSIONS INCOME | | 7,003 | 5,110 |
| 4.1. Fees and commissions received | | 7,173 | 5,233 |
| 4.1.1. Cash loans | | 27 | 4 |
| 4.1.2. Non-cash loans | | 1,605 | 1,626 |
| 4.1.3. Other | | 5,541 | 3,603 |
| 4.2. Fees and commissions paid | | 170 | 123 |
| 4.2.1. Cash loans | | - | - |
| 4.2.2. Non-cash loans | | 2 | 2 |
| 4.2.3. Other | | 168 | 121 |
| V. DIVIDEND INCOME | | 40 | 47 |
| 5.1. Trading securities | | - | - |
| 5.2. Available-for-sale securities | | 40 | 47 |
| VI. NET TRADING INCOME / LOSS | | 2,400 | 1,258 |
| 6.1. Profit/losses on trading account securities (Net) | | 187 | 178 |
| 6.1.1. Profit on trading account securities | | 187 | 181 |
| 6.1.1.1. Profit on derivative financial instruments | | - | - |
| 6.1.1.2. Other Profit on trading account securities | | 187 | 181 |
| 6.1.2. Losses on trading account securities (-) | | - | 3 |
| 6.1.2.1. Losses on derivative financial instruments | | - | - |
| 6.1.2.2. Other Losses on trading account securities | | - | 3 |
| 6.2. Foreign exchange gains/losses (Net) | | 2,213 | 1,080 |
| 6.2.1. Foreign exchange gains | | 303,601 | 355,239 |
| 6.2.2. Foreign exchange losses (-) | | 301,388 | 354,159 |
| VII. OTHER OPERATING INCOME | (3) | 729 | 1,189 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 26,231 | 31,059 |
| IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-) | (4) | 2,727 | 1,803 |
| X. OTHER OPERATING EXPENSES (-) | (5) | 21,827 | 20,850 |
| XI. NET OPERATING INCOME (VIII-IX-X) | | 1,677 | 8,406 |
| XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES | (6) | 3,500 | 3,206 |
| XIII. NET MONETARY POSITION GAIN/LOSS | | - | (4,400) |
| XIV. INCOME BEFORE TAXES (XI+XII+XIII) | | 5,177 | 7,212 |
| XV. PROVISION FOR TAXES ON INCOME (+/-) | (7) | (722) | (1,187) |
| 15.1. Current Tax Provision | | (1,123) | (1,688) |
| 15.2. Deferred Tax Provision | | 401 | 501 |
| XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV+XV) | | 4,455 | 6,025 |
| XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES | | - | - |
| 17.1. Extraordinary net income/expense before taxes | | - | - |
| 17.1.1. Extraordinary income | | - | - |
| 17.1.2. Extraordinary expense (-) | | - | - |
| 17.2. Provision for taxes on extraordinary income (-) | | - | - |
| XVIII. NET PROFIT/LOSSES (XVI+XVII) | (8) | 4,455 | 6,025 |
| Earnings/(Losses) per share (Full YTL) | | 0.00109 | 0.00147 |

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

ARAP TÜRK BANKASI A.Ş.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency – thousands of YTL)

ARAB TURKISH BANK 2005 ANNUAL REPORT

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| S | Notes (V-V) | Inflation | | Share | | | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period | | Revaluation Fund | Value Increase | | Total Equity |
|------------------------------------|---|-----------------|-----------------|---------------|---------------------|----------------|-----------------|------------------------|----------------|---------------------------|---------------------------|------------------|----------------|------|--------------|
| | | Paid-in Capital | adj. To Capital | Share Premium | Cancellation Profit | Legal Reserves | | | | Period Net Income/ (Loss) | Period Net Income/ (Loss) | | Fund | Fund | |
| PRIOR PERIOD (31/12/2004) | | | | | | | | | | | | | | | |
| I. | Balances at the end of prior period | 20,000 | 38,385 | - | - | 164 | - | - | - | 7,136 | 3,559 | - | - | - | 69,244 |
| II. | Changes in accounting policies | - | - | - | - | - | - | - | - | 406 | 834 | - | - | - | 1,240 |
| III. | New balance (1+2) | 20,000 | 38,385 | - | - | 164 | - | - | - | 7,542 | 4,393 | - | - | - | 70,484 |
| IV. | Net profit or losses | - | - | - | - | - | - | - | - | 6,025 | - | - | - | - | 6,025 |
| V. | Profit distribution | - | - | - | - | 334 | - | - | - | (7,542) | 7,208 | - | - | - | - |
| 5.1. | Dividends distributed | - | - | - | - | - | - | - | - | - | (334) | - | - | - | - |
| 5.2. | Transfers to legal reserves | - | - | - | - | 334 | - | - | - | (7,542) | 7,542 | - | - | - | - |
| 5.3. | Other | - | - | - | - | - | - | - | - | (9,619) | - | - | - | - | - |
| VI. | Increase in capital | 9,000 | 619 | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.1. | Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.2. | Revaluation fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.3. | Value increase in revaluation fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.4. | Marketable securities value increase fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.5. | Inflation adjustment to paid-in capital | - | 619 | - | - | - | - | - | - | - | (619) | - | - | - | - |
| 6.6. | Issuance of share certificates at end of period | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.7. | Foreign exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.8. | Other (from prior year income) | 9,000 | - | - | - | - | - | - | - | - | (9,000) | - | - | - | - |
| VII. | Convertible bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Balances (I+II+III+IV+V+VI+VII) | 29,000 | 39,004 | - | - | 498 | - | - | - | 6,025 | 1,982 | - | - | - | 76,509 |
| CURRENT PERIOD (31/12/2005) | | | | | | | | | | | | | | | |
| I. | Balances at end of prior period | 29,000 | 39,004 | - | - | 498 | - | - | - | 6,025 | 1,982 | - | - | - | 76,509 |
| Increases in the period: | | | | | | | | | | | | | | | |
| II. | Investments securities available for sale | (1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1. | Net fair value gains/losses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. | Cash flow hedge | (2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3.1. | Net fair value gains/losses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transferred Amounts: | | | | | | | | | | | | | | | |
| IV. | Investments securities available for sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.1. | Transferred to net income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. | Cash flow hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5.1. | Transferred to net income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5.2. | Transferred to assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. | Net profit or losses | - | - | - | - | - | - | - | - | 4,455 | - | - | - | - | 4,455 |
| VII. | Profit distribution | (3) | - | - | - | 283 | - | - | - | (6,025) | 5,742 | - | - | - | - |
| 7.1. | Dividends distributed | - | - | - | - | - | - | - | - | - | (283) | - | - | - | - |
| 7.2. | Transfers to legal reserves | (4) | - | - | - | 283 | - | - | - | (6,025) | 6,025 | - | - | - | - |
| 7.3. | Other | - | - | - | - | - | - | - | - | (6,000) | - | - | - | - | - |
| VIII. | Increase in capital | 12,000 | (6,000) | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.1. | Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.2. | Revaluation fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.3. | Value Increase in revaluation fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.4. | Marketable securities value increase fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.5. | Inflation adjustment to paid-in capital | - | (6,000) | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.6. | Issuance of share certificates at end of period | (5) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.7. | Foreign exchange differences | (6) | - | - | - | - | - | - | - | - | (6,000) | - | - | - | - |
| 8.8. | Other (from prior year income) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. | Convertible bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Closing balances (I+II+III+IV+V+VI+VII+VIII+IX) | 41,000 | 33,004 | - | - | 781 | - | - | - | 4,455 | 1,724 | - | - | - | 80,964 |

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

ARAP TÜRK BANKASI A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

| UNCONSOLIDATED STATEMENT OF CASH FLOW | Notes (V-VI) | Audited December 31, 2005 | Audited December 31, 2004 |
|---|--------------|------------------------------|------------------------------|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1. Operating profit before changes in operating assets and liabilities (+) | | 7,011 | 844 |
| 1.1.1. Interest received (+) | | 26,256 | 28,350 |
| 1.1.2. Interest paid (-) | | (8,893) | (5,748) |
| 1.1.3. Dividend received (+) | | 40 | 47 |
| 1.1.4. Fees and commissions received (+) | | 7,173 | 5,110 |
| 1.1.5. Other income (+) | | 2,959 | 2,447 |
| 1.1.6. Collections from previously written off loans and other receivables (+) | | 528 | 360 |
| 1.1.7. Payments to personnel and service suppliers (-) | | (13,737) | (12,581) |
| 1.1.8. Taxes paid (-) | | (1,225) | (4,622) |
| 1.1.9. Extraordinary items (+/-) | | - | - |
| 1.1.10. Other (+/-) | (i) | (6,090) | (12,519) |
| 1.2. Changes in operating assets and liabilities | | (58,015) | (1,073) |
| 1.2.1. Net (increase) / decrease in trading securities (+/-) | | (67,963) | 12,700 |
| 1.2.2. Net (increase) / decrease in due from banks and other financial institutions (+/-) | | 524 | 20,941 |
| 1.2.3. Net (increase) / decrease in loans (+/-) | | (16,245) | (25,229) |
| 1.2.4. Net (increase) / decrease in other assets (+/-) | (i) | 678 | 1,857 |
| 1.2.5. Net increase / (decrease) in bank deposits (+/-) | | 25,996 | 5,324 |
| 1.2.6. Net increase / (decrease) in other deposits (+/-) | | (261) | (195) |
| 1.2.7. Net increase / (decrease) in funds borrowed (+/-) | | 555 | (13,543) |
| 1.2.8. Net increase / (decrease) in matured payables (+/-) | | - | - |
| 1.2.9. Net increase / (decrease) in other liabilities (+/-) | (i) | (1,299) | (2,928) |
| I. Net cash provided from banking operations (+/-) | | (51,004) | (229) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from investing activities (+/-) | | 60,386 | (1,998) |
| 2.1. Cash paid for purchase of investments, associates and subsidiaries (-) | (2) | - | (2,137) |
| 2.2. Cash obtained from sale of investments, associates and subsidiaries (+) | (3) | - | - |
| 2.3. Fixed assets purchases (-) | | (575) | (1,641) |
| 2.4. Fixed assets sales (+) | | 513 | - |
| 2.5. Cash paid for purchase of investments available for sale (-) | | - | - |
| 2.6. Cash obtained from sale of investments available for sale (+) | | - | - |
| 2.7. Cash paid for purchase of investment securities (-) | | (29,103) | (9,219) |
| 2.8. Cash obtained from sale of investment securities (+) | | 89,551 | 10,999 |
| 2.9. Extraordinary items (+/-) | | - | - |
| 2.10. Other (+/-) | | - | - |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash provided from financing activities (+/-) | | (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. Capital increase (+) | | - | - |
| 3.4. Dividends paid (-) | | - | - |
| 3.5. Payments for finance leases (-) | | (25) | - |
| 3.6. Extraordinary items (+/-) | | - | - |
| 3.7. Other (+/-) | | - | - |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-) | (i) | - | - |
| V. Net increase in cash and cash equivalents (I+II+III+IV) | | 9,357 | (2,227) |
| VI. Cash and cash equivalents at beginning of the year (+) | (4) | 11,565 | 13,792 |
| VII. Cash and cash equivalents at end of the year (V+VI) | (5) | 20,922 | 11,565 |

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

ARAP TÜRK BANKASI A.Ş.

PROFIT APPROPRIATION TABLES FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

ARAB TURKISH BANK 2005 ANNUAL REPORT

| | Audited Suggested December 31, 2005 | Audited Realized December 31, 2004 |
|---|---|--|
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1. CURRENT YEAR INCOME | 5,177 | 7,212 |
| 1.2. TAXES AND DUTIES PAYABLE (*) | 1,123 | 1,688 |
| 1.2.1. Corporate Tax (Income tax) | 1,123 | 1,688 |
| 1.2.2. Income withholding tax | - | - |
| 1.2.3. Other taxes and duties | - | - |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 4,054 | 5,524 |
| 1.3. PRIOR YEARS LOSSES (-) | - | - |
| 1.4. FIRST LEGAL RESERVES (-) | 203 | 283 |
| 1.5. OTHER STATUTORY RESERVES (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] | 3,851 | 5,241 |
| 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 (%) | - | - |
| 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 effect of deferred taxes is not taken into consideration in the computation of net income for the year.

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

1. Preparation of Financial Statements and Related Disclosures:

The financial statements are prepared in accordance with the "Accounting Applications Regulation" (AAR) based on Article 13 named as "Accounting and Recording Standards" of the Banking Law 4389 and related communiqués and related explanations and further communiqués that add or cause a change on the content of the relevant communiqués.

Changes in Accounting Policies in the Current Period:

As stated at the decision of Banking Regulations and Supervision Agency (BRSA) dated April 21, 2005 and numbered 1623, the indicators of hyperinflation defined by substance 5 of Communiqué No:14 "Accounting Standard on Preparation of Financial Statements in Hyperinflation Periods" of AAR do no longer exists, consequently banks are no longer obliged to prepare their financial statements in accordance with the provisions of the related communiqué. In accordance with this decision, prior period financial statements are restated in the purchasing power at December 31, 2004, effective from January 1, 2005, inflation accounting is not applied.

In accordance with the changes at the Uniform Chart of Accounts, certain reclassifications are done at the accompanying financial statements as of December 31, 2004 for comparative presentation purposes.

2. Accounting policies and valuation methods used for preparation of financial statements:

a) Measurement Currency:

As a result of a long period of high inflation, the Turkish Lira (TL) has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted in January 31, 2004 to introduce Yeni Türk Lirası (New Turkish Lira, YTL), the new currency unit for the Republic of Turkey. Conversion rate for TL against YTL is fixed at YTL 1 to TL 1,000,000 through out the period until complete phase-out of TL. Accordingly the Bank's functional and presentation currency effective from January 1, 2005 is YTL and comparative figures for the prior year(s) are also presented in YTL, using the conversion rate of TL 1,000,000 / YTL=1,00

b) Foreign Currency Transactions:

The Bank's transactions in foreign currencies are accounted for in accordance with the "Accounting Standard on the Effect of Changes in Foreign Currency Rates", Communiqué No:11 of AAR and converted with the currency rate at the transaction date. Foreign currency assets and liabilities at each year-end are translated into New Turkish lira at the year-end foreign exchange buying rates announced by the Bank. Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

c) Accounting of Subsidiaries and Investments in Associates on the Unconsolidated Financial Statements:

The subsidiary is reflected with the restated cost as of December 31, 2004 in accordance with the Communiqué No:15 of AAR, in the unconsolidated financial statements as of December 31, 2005 and 2004.

The other accounting principals and basis of valuation used in the preparation of the accompanying financial statements are explained in notes II to XXI below.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

II. EXPLANATIONS ON FORWARD, OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

Derivative instruments are initially recognized at cost including transaction costs. After the initial recognition, the related securities are measured at fair values and the positive or negative difference between the costs and the fair values of the securities is accounted for under the "Accrued Interest and Income Receivables" account or "Accrued Interest and Expenses Payable" account respectively at the balance sheet and "Profit/Losses on Trading Account Securities" account at the income statement. The amount of the contract of the derivative transactions is also included in the "Off Balance Sheet Commitments".

Since the transaction volume at the forward rates market is not deep enough as of the date of balance sheet, the current foreign currency market prices are assumed to reflect the discounted values of forward rates at the maturity. Depending on this, the fair value differences are calculated by comparing the contractual forward rates discounted to the balance sheet date by effective interest rate method with the Bank's foreign currency buying rates.

There are no embedded derivatives separated from the host contract.

III. EXPLANATIONS AND FOOTNOTES RELATED TO NETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously.

There is no such netting off of financial assets and liabilities in the accompanying financial statements.

IV. EXPLANATIONS AND FOOTNOTES RELATED TO 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 due and not due interest accruals of the non-performing loans are cancelled and interest income related to these loans are recorded as interest income only when collected.

V. EXPLANATIONS AND FOOTNOTES RELATED TO FEES AND COMMISSION INCOME AND EXPENSE

Other than commission income and fees and expenses for various banking services that are reflected as income when collected, the commission income and expenses are accounted on accrual basis.

VI. EXPLANATIONS AND FOOTNOTES RELATED TO SECURITIES HELD FOR TRADING

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Trading securities are initially recognized at cost including transaction costs. After the initial recognition, the related securities are measured at fair values and the related gains and losses are recorded at the income statement accounts. The positive difference between the costs and the fair values of the securities held for trading is accounted for under the "Accrued Interest and Income Receivables" account and the negative difference is accounted for under trading securities. The interest income generated while holding the securities held for trading are booked as interest income and the dividends collected are booked as dividend income. Gain/loss on sale of securities are included under "Profit/loss on Trading Account Securities" account.

The fair value of government bonds and treasury bills are determined with the weighted average prices of Istanbul Stock Exchange Market (ISE) on the balance sheet date, and the fair value of share certificates are determined with the average of last five days' (including the balance sheet date) weighted average prices recognized at ISE.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

VII. EXPLANATIONS AND FOOTNOTES RELATED TO SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

Marketable securities with sales and repurchase agreements are followed at the balance sheet accounts. Marketable securities 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 marketable securities sold under repurchase agreements are classified at "Securities Held for Trading" account and the valuation 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 calculated by means of effective interest method over the difference resulting from repurchase and sale prices for the relevant period are reflected under the "Accrued Interest and Expense Payable on Repurchase Agreements" account.

Interest income gained from securities subject to repurchase agreements are reflected under "Interest Received from Marketable Securities Portfolio" and interest expense incurred from funds obtained by repurchase agreements are reflected at "Other Interest Expense" account in the accompanying statements of income.

Reverse repurchase agreements are recorded as "Receivables from reverse repurchase agreements" account at the balance sheet. Interest expense accruals are calculated by means of effective interest method over the difference resulting from purchase and resale prices of reverse purchase agreements for the relevant period. Interest income earned from reverse repurchase agreements are recorded as "Interest Received from Money Market Transactions" account.

As of December 31, 2005 and 2004, the Bank does not have any marketable securities subject to lending and any interest, commission and other income related with these securities.

VIII. EXPLANATIONS AND FOOTNOTES RELATED TO SECURITIES HELD TO MATURITY, SECURITIES AVAILABLE FOR SALE AND BANK ORIGINATED LOANS AND RECEIVABLES

In accordance with the Communiqué No:1 of AAR, "Accounting Standards of Financial Instruments":

Securities held to maturity; represent securities with fixed or determinable payments and fixed maturity where management has both the intent and the ability to hold to maturity and securities other than bank originated loans and receivables.

Securities available for sale; represent all securities other than bank originated loans and receivables, securities held to maturity and securities held for trading with intention to obtain profit in short term.

Loans and receivables originated by the Bank; are those generated by lending money to the customer and exclude those that are held with the intention of trading or selling in near future.

The Bank classifies securities according to above mentioned portfolios at the acquisition date of the related security.

The investments mentioned above are initially recognized at cost including transaction costs. For subsequent measurement:

Securities held to maturity are measured at amortized cost, using effective interest rate method. The interest income accruals calculated by effective interest rate method are reflected at "Accrued Interest and Income Receivables – Marketable Securities" account at the balance sheet and "Interest Received from Marketable Securities" account at the statement of income. A reserve is provided and related expense is recorded for the impairment in value of the securities held to maturity measured at amortized cost, if exists.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

Securities available for sale are valued with fair value. The fair value of common stocks which are traded at the market is determined by the average of daily weighted average prices at the market for the last five work days – including the balance sheet date. If they have no quoted market price and the fair value is not determined with a sound method, then they are reflected at restated cost as of December 31, 2004. The income and expenses resulting from the changes in the fair values of the securities mentioned are reflected at "Marketable Securities Value Increase Fund" account under shareholders' equity. When the securities available for sales are disposed, the accumulated fair value adjustments for these securities are recorded in income statement as income/loss from investment securities. If there is a decrease in value of securities available for sale, the provision calculated for impairment is reflected at the related period's statement of income.

There are no government bonds and treasury bills classified under available for sale portfolio.

There are no financial assets that cannot be classified as securities held to maturity for the next two financial years because of tainting rules.

The purchase and sales transaction of securities are recorded at the settlement date.

IX. EXPLANATIONS AND FOOTNOTES RELATED TO ORIGINATED LOANS AND RECEIVABLES AND PROVISIONS FOR LOAN IMPAIRMENT

Bank originated loans and receivables are accounted in accordance with the Communiqué No:1 of AAR, "Accounting Standards of Financial Instruments" and are recorded at cost, and at the following periods these loans are remeasured at amortized cost by means of effective interest rate method. The taxes, transaction expenses and other expenses paid for the guarantees taken for the originated loans are collected from the customers and are not recorded as expense at the statement of income.

Cash loans are recorded in accordance with the regulations stated at the "Communiqué on the Uniform Chart of Accounts and Its Explanations".

Loans are classified and allowances for possible loan losses are computed and reflected in the current period financial statements in accordance with the Law No. 4672 published on the Official Gazette No. 24448 dated June 30, 2001 and with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published due to the Banking Law No. 4389, Article 3, Sub Article 11 and Article 11, Sub Article 12, and with the amendments by Communiqué's dated January 31, 2002 and published on the Official Gazette No. 34657 on "Changes in Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" and the circular dated February 6, 2002 describing the application of the related amendments. Furthermore, a general reserve of 0.5% is being provided for the cash loans and other receivables and 0.1% is provided for non-cash loans.

These provisions are reflected to the statement of income under "Provision for Loan Losses and Other Receivables" account.

Release of provisions resulting from the collections made regarding these loans are removed by means of reversing the amount to the "Provision for Loan Losses and Other Receivables" account, principal collections in the current period related with the loans for which allowances recorded in the previous periods and lost their necessity are recorded to "Collections Regarding Previous Year's Expenses" account under "Other Operating Income" account and related interest income is recorded to "Interest on Loans Under Follow-up" account.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

X. EXPLANATIONS AND FOOTNOTES RELATED TO GOODWILL AND OTHER INTANGIBLE ASSETS

There is no goodwill regarding the subsidiaries of the Bank.

The other intangible assets are stated at restated cost as of December 31, 2004. These assets are amortized with straight-line method with the useful lives stated below.

Softwares classified as other intangible fixed assets are reflected at restated costs as of December 31, 2004. The useful life of capitalized softwares is determined as 5 years. The subsequent expenditures made relating to the software being used are capitalized, if they increase the original content or the useful life of such software. Such costs capitalized are depreciated with straight line method through the remaining useful life of the software. Bank purchases the computer softwares from third parties and there is no ongoing computer software project.

The useful life of rights is determined to be 5 years.

There are no expected changes in the accounting estimates about the depreciation rate and method and residual values for the current and future periods.

XI. EXPLANATIONS AND FOOTNOTES RELATED TO PROPERTY AND EQUIPMENT

Property and equipment are stated at restated cost as of December 31, 2004 less accumulated depreciation and the provision for impairment, if any.

The buildings of the Bank have been evaluated by an independent expert, and as a result of the study finished at January 2006, it is concluded that there is not a significant and permanent impairment difference between net book value and fair value of the buildings, therefore no provision for impairment has been recorded.

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

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

Gain or loss resulting from disposals of the tangible fixed assets are recorded to the "Gain/Loss from Sales of Assets" account and reflected to the "Other Operating Income/Loss" at the accompanying statement of income as the difference between the net proceeds and restated net book value of the related asset.

The repair costs of the tangible fixed assets are capitalized if the operation extends the economic life of the asset. Otherwise the repair costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

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.

XII. EXPLANATIONS AND FOOTNOTES RELATED TO LEASING TRANSACTIONS

Financial lease of fixed assets are recorded in accordance with Communiqué No:4, "Accounting Standard for Leasing Transactions" of AAR. Leased assets are booked with the lower of fair value or the present value of the rent payments and these fixed assets are depreciated over the restated cost as of December 31, 2004 with respect to their useful lives by using straight-line method. The depreciation rate used is 20%. The liabilities for the leasing agreements are reflected under "Financial Lease Payables" at the liability side of the balance sheet. The interest expenses and foreign exchange losses are reflected to the income statement.

The payments made under operating leases are charged to income statement on a straight line basis over the period of the lease. There are no penalty payments made and expenses recorded to the lessors for agreements canceled before the operational lease agreement period ended.

The Bank has no leasing transactions as lessor.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

XIII. EXPLANATIONS AND FOOTNOTES RELATED TO PROVISIONS AND CONTINGENT LIABILITIES

Provisions and contingent liabilities are accounted for in accordance with the Communiqué No:8 "Accounting Standard for Provisions, Contingent Liabilities and Assets" of AAR, except for the general and specific provisions set for the loans and other receivables.

The provisions are accounted for if; there is a legal or contractual obligation as of the balance sheet date or originating from past, there is a possibility of outflow of the economic resources and a reliable estimate for the liability amount can be made.

Liabilities generated from past events are recorded by the Bank at the period they arise if they are highly probable to be realized and a reliable estimation for the amount can be done.

XIV. EXPLANATIONS AND FOOTNOTES RELATED TO LIABILITIES REGARDING EMPLOYEE RIGHTS

In accordance with the existing social legislation, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for each working year within the Bank over salary for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked within the Bank.

As of the date of balance sheet, the Bank provided full liability for employee termination benefits amounting to YTL 2,774.

The Bank has no employee whose contract will be fulfilled in a time period longer than 12 months after the balance sheet date and who have been contracted for determined periods.

The Bank employees are not members of any pension fund.

The Bank provided YTL 1,036 specific provision for the employee benefits, other than the amounts that local legislation anticipates, to be paid to the foreign employees in case they leave.

XV. EXPLANATIONS AND FOOTNOTES RELATED TO TAX APPLICATIONS**Corporate Tax**

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

The corporation tax rate effective in Turkey for the fiscal year ended December 31, 2004 is 33%. The corporation tax rate is announced to be 30% beginning on January 1, 2005. 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 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.

According to the Tax Law numbered 5024 and published at December 30, 2004, Income Tax Law and Law Regarding Changes at Corporate Tax Law, effective from January 1, 2004, the income subject to tax would be computed over financial statements adjusted for the inflation accounting. Accordingly, the adjusted share capital, adjusted share premiums, adjusted income from cancelled share stocks and total liabilities are deducted from adjusted total assets as of December 31, 2003, the result is reflected at the prior year income/losses account, and the resulting prior year income is not held subject to tax and the prior year losses are not accounted as loss. Besides, undeductable prior year losses reflected at the 2003 and prior years' tax statements are accounted at 2004 and further with recorded amounts. There has been changes at the inflation accounting application with Law numbered 5228 and published at July 31, 2004, and the Bank has adopted the required changes accordingly at the financial statements prepared as of December 31, 2004 and adjusted the current year tax provision. Republic of Turkey Ministry of Finance General Directorate of Revenues announced that inflation accounting will not be applied in 2005 as the conditions required for the inflation adjustment related to 2005 are not realized.

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.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

Effective from April 24, 2003, 40% of the tangible asset's purchase value is deductible from the tax base as investment allowance provided that the value of the tangible asset is above 10 YTL and the asset is to be "directly related to the product or service produced" and has an economic life. On the other hand, investment allowances arising prior to April 24, 2003 are subject to 19.8% withholding tax if the companies do not switch to the new practice upon their own preferences.

Dividend payments made to corporates which are domiciled in Turkey, except for the ones that are exempt from and not liable for corporate and income tax, residents and non-residents in Turkey and legal entities that are not domiciled in Turkey are subject to 10% income tax. Dividend payments made to joint-stock companies domiciled in Turkey by joint-stock companies domiciled in Turkey are not subject to income tax. Furthermore, if the profits are not distributed and capitalized, income tax is not applied.

Earning from cash sale of equity shares of associated companies that are held for at least two years are exempt from corporate tax if the related earnings are capitalized. Moreover, profit arising from dividends is not subject to withholding tax unless the profit is distributed or capitalized.

Deferred Taxes

In accordance with the Communiqué No. 18 of AAR, published on August 18, 2004, a deferred tax asset or liability is calculated over the temporary differences, if the Bank has the possibility of incurring income for the following periods. deferred tax asset is calculated on all deductible temporary differences if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

XVI. ADDITIONAL EXPLANATIONS 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.

In general, risk avoiding techniques are used for the liquidity risk, interest rate risk and foreign exchange rate risk of borrowing instruments. However, for accounting purposes, they are not defined as hedging transactions in accordance with Communiqué No:1.

The Bank has not issued any debt securities.

The Bank has not issued convertible bonds.

XVII. EXPLANATIONS AND FOOTNOTES RELATED TO PAID-IN CAPITAL AND SHARE CERTIFICATES

The costs related to share issue are accounted as expense.

The dividends related to the share certificates are determined at the General Meetings of the Bank. As of the preparation date of the financial statements, there is not a decision related with the profit distribution.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

XVIII. EXPLANATIONS AND FOOTNOTES RELATED TO 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.

XIX. EXPLANATIONS AND FOOTNOTES RELATED TO GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank as of December 31, 2005 and 2004.

XX. EXPLANATIONS AND FOOTNOTES RELATED TO SEGMENT REPORTING

In accordance with Communiqué No:17 of AAR, segment reporting will be applied effective from January 1, 2006.

XXI. OTHER MATTERS

Explanation for convenience translation to English

The accounting principles used in the preparation of the financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the 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 the countries of users of the financial statements and IFRS.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency – Thousands of YTL)

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Strategy of Using Financial Instruments and Explanations on Foreign Currency Transactions

The Bank mainly operates under corporate banking. For conservatism purposes, the Bank's sources are placed in the financial instruments in the following order; government bonds and treasury bills, eurobonds, loan grantings and deposits to trustable large banks. The Bank's assets are composed of low risk instruments. The Bank generates its sources of which interest varies between libor and Libor+2, mainly from main shareholder Libyan Arab Foreign Bank and its subsidiaries.

As of the balance sheet date, the Bank is able to meet all of its due commitments through its placements at banks, securities portfolio, and its own equity.

The Bank is sensitive in analyzing maturities in the balance sheet, however from time to time can be exposed to maturity mismatches arising from general economic conditions. The Bank is protecting its targeted spread with low risk assets, like the foreign currency denominated government bonds issued by the Republic of Turkey.

The Bank's sole instrument that yields income above average is the discounting of short-term confirmed export letters of credit.

The Bank is keeping a balanced foreign currency position against its foreign currency risk and does not also carry any cross currency risk for the last four years. The Bank's investments in foreign companies are in foreign currency and under inflationary environment they are protected from devaluation of the New Turkish Lira. For those investments the Bank is not involving in any hedging instruments. The Bank constitutes an investment portfolio of foreign currency bonds and bills, which enables the Bank to protect its financial position against interest and price fluctuations when taking the liabilities position and average costs into account.

The Bank classifies the foreign currency financial investments with shareholding interest of 1.25% under foreign currency available for sale securities.

II. Capital Adequacy Standard Ratio

Risk measurement methods used in the computation of the capital adequacy standard ratio: The calculation of the capital adequacy standard ratio is performed in accordance with Communiqué on "Measurement and Assessment of Banks Capital Adequacies" published in the Official Gazette numbered 24657 and dated January 31, 2002. The unconsolidated Capital Adequacy Ratio of the Bank is calculated as 40.01% (59.75% as of December 31, 2004) in accordance with Communiqué on "Measurement and Assessment of Banks Capital Adequacies".

In the computation of capital adequacy standard ratio, data prepared in accordance with statutory accounting requirements are used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Internal Control and Risk Management Systems of the Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

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Information related to Capital Adequacy Ratio

| | Bank | | | |
|---|---------------|----------------|--------------|----------------|
| | 0% | 20% | 50% | 100% |
| Risk Weighted Assets, Liabilities and Non-Cash Loans | | | | |
| Balance Sheet items (Net) | 75,940 | 28,041 | 1,691 | 120,128 |
| Cash | 1,151 | - | - | - |
| Due from banks | 7,054 | 12,308 | - | 420 |
| Interbank money market placements | - | - | - | - |
| Receivables from reverse repo transactions | - | - | - | - |
| Reserve deposits | 17,658 | - | - | - |
| Special finance houses | - | - | - | - |
| Loans | - | - | 1,691 | 84,607 |
| Loans under follow-up (Net) | - | - | - | - |
| Subsidiaries, associates and Mark.Sec.held to Maturity | - | - | - | 9,060 |
| Miscellaneous receivables | - | - | - | 186 |
| Marketable securities held to maturity (Net) | 49,388 | 15,733 | - | - |
| Advances for assets acquired by financial leasing | - | - | - | - |
| Financial lease receivables | - | - | - | - |
| Leased assets (Net) | - | - | - | - |
| Fixed assets (Net) | - | - | - | 23,367 |
| Other assets | 689 | - | - | 2,488 |
| Off balance sheet items | 2,397 | 97,239 | 8,030 | 1,059 |
| Guarantees and pledges | 1,711 | 96,815 | 7,773 | - |
| Commitments | - | - | 242 | - |
| Other off balance sheet items | - | - | - | - |
| Transactions related with derivative financial instruments | - | 270 | - | - |
| Interest and income accruals | 686 | 154 | 15 | 1,059 |
| Not risk weighted accounts | - | - | - | - |
| Total risk weighted assets | 78,337 | 125,280 | 9,721 | 121,187 |

Summary information about the bank-only capital adequacy ratio:

| | Bank | |
|---------------------------------------|----------------|--------------|
| | Current Period | Prior Period |
| Total risk weighted assets (I) | 151,104 | 113,536 |
| Amount subject to market risk (II) | 40,363 | 12,350 |
| Shareholders' Equity | 76,601 | 75,218 |
| Shareholders' Equity / (I+II) * 100 | 40.01 | 59.75 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

Information about the shareholders equity items

| | Current Period | Prior Period |
|--|----------------|---------------|
| MAIN CAPITAL | | |
| Paid-in Capital | 41,000 | 29,000 |
| Nominal capital | 41,000 | 29,000 |
| Capital Commitments (-) | - | - |
| Adjustment to paid-in capital (*) | 33,004 | 39,004 |
| Share premium | - | - |
| Legal reserves | 781 | 498 |
| First legal reserve (Turkish Commercial Code 466/1) | 781 | 498 |
| 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 | - | - |
| Foreign currency share capital exchange difference | - | - |
| Profit | 6,179 | 8,007 |
| Current period profit | 4,455 | 6,025 |
| Prior period profit | 1,724 | 1,982 |
| Loss (-) | - | - |
| Current period loss | - | - |
| Prior period loss | - | - |
| Total Core Capital | 80,964 | 76,509 |
| SUPPLEMENTARY CAPITAL | | |
| Revaluation Fund | - | - |
| Furniture, fixture and vehicles | - | - |
| Buildings | - | - |
| Profit on sale of associates, subsidiaries and buildings to be transferred to share capital | - | - |
| Revaluation fund of leasehold improvements | - | - |
| Increase in the value of revaluation fund | - | - |
| Foreign exchange differences | - | - |
| General reserves | 1,002 | 619 |
| Provisions for possible losses | - | - |
| Subordinated loans | 16,116 | 16,105 |
| Marketable securities and investment securities value increase fund | - | - |
| Associates and subsidiaries | - | - |
| Investments held to maturity | - | - |
| Investments available-for-sale | - | - |
| Investments held for structural transactions | 17,118 | 16,724 |
| TIER III CAPITAL | | |
| CAPITAL | 98,082 | 93,233 |
| DEDUCTIONS FROM THE CAPITAL | 21,481 | 18,015 |
| Investments in financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws. | 21,299 | 17,799 |
| Leasehold improvements | 27 | 67 |
| Installation costs | - | - |
| Prepaid expenses | 155 | 149 |
| The negative difference between the market values and the carrying amounts for investments, subsidiaries, other investments and fixed assets | - | - |
| Subordinated loans given to other banks which operate in Turkey | - | - |
| Goodwill (Net) | - | - |
| Capitalised expenses | - | - |
| Total Shareholders' Equity | 76,601 | 75,218 |

(*) Classified as "Other Capital Reserves" at the accompanying balance sheets.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

III. Credit Risk

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 geographical regions and sector allocation is reviewed and allocation targets are revised according to the current market conditions.

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.

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 with 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. Those guarantees taken are generally 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.

Cashed non-cash loans are put in the same category with the loans that have not been paid at maturity. They are being classified based on collaterals taken and transferred to legal follow-up accounts.

Risk diversification is not being done for the re-scheduled loans other than the method indicated in the related regulation.

The Bank does not have any banking activities and lending operations abroad.

The share of biggest 100 cash credit customer of the Bank in the total cash loans extended: as of the balance sheet date, the Bank's corporate loan customers are 43 and the individual loan customers are 46. Total cash loan portfolio of the Bank is formed by these loans. Therefore, the receivables to be originated from the biggest 100 cash credit customers have 100% share in total cash loans.

The receivables to be originated from the biggest 100 non-cash credit customer have 99.8% share in total non-cash loans.

Total cash and non-cash receivables originated from the biggest 100 credit customers have 99.2% share in total balance sheet and off-balance sheet items.

As it is mentioned in 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", the Bank has calculated the general provisions and set aside YTL 721 for 1st group cash loans, YTL 1 for 2nd group cash loans, YTL 280 for non-cash loans, adding up a general provision of YTL 1,002.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

Classification according to geographical concentration:

| | Assets | Liabilities | Non-cash loans | Capital Expenditures *** | Net profit |
|----------------------------------|----------------|----------------|----------------|--------------------------|--------------|
| Current Period | | | | | |
| Domestic | 336,621 | 60,144 | 152,324 | 20,456 | 4,455 |
| 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 | - | - |
| Unallocated Assets/liabilities** | - | 1,347 | - | - | - |
| Total 340,741 | 280,233 | 265,653 | 20,456 | 4,455 | |
| Prior Period | | | | | |
| Domestic | 306,984 | 32,191 | 82,768 | 16,956 | 6,025 |
| European Union Countries | 447 | 1,539 | 2,066 | - | - |
| OECD Countries * | 111 | 4 | - | - | - |
| Off-shore Banking Regions | - | - | - | - | - |
| USA , Canada | 2,720 | 1,678 | - | - | - |
| Other Countries | 3,337 | 215,440 | 50,469 | - | - |
| Unallocated Assets/liabilities** | - | 3,194 | - | - | - |
| Total | 313,599 | 254,046 | 135,303 | 16,956 | 6,025 |

(*) OECD Countries other than EU countries, USA and Canada

(**) Unallocated assets / liabilities which could not be distributed according to a consistent principal

(***) Reflects fixed capital expenditures, these amounts are not presented on the Assets column separately.

Sector concentrations for cash loans:

| | Current Period | | | | Prior Period | | | |
|--------------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | - | - | - | - | - | - | - | - |
| Farming and Raising livestock | - | - | - | - | - | - | - | - |
| Forestry | - | - | - | - | - | - | - | - |
| Fishing | - | - | - | - | - | - | - | - |
| Manufacturing | - | - | - | - | - | - | 1,352 | 5.59 |
| Mining | - | - | - | - | - | - | - | - |
| Production | - | - | - | - | - | - | 1,352 | 5.59 |
| Electric, gas and water | - | - | - | - | - | - | - | - |
| Construction | 3,615 | 6.13 | 5,708 | 20.86 | 3,373 | 7.35 | 5,703 | 23.57 |
| Services | 55,134 | 93.55 | 21,655 | 79.14 | 42,343 | 92.30 | 17,145 | 70.84 |
| Wholesale and retail trade | 8,569 | 14.54 | 18,050 | 65.97 | 13,171 | 28.71 | 13,422 | 55.46 |
| Hotel, food and beverage services | - | - | - | - | - | - | - | - |
| Transportation and telecommunication | - | - | - | - | - | - | - | - |
| Financial Institutions | 46,565 | 79.01 | 3,605 | 13.17 | 29,172 | 63.59 | 3,723 | 15.38 |
| Real estate and renting services | - | - | - | - | - | - | - | - |
| Professional services | - | - | - | - | - | - | - | - |
| Education services | - | - | - | - | - | - | - | - |
| Health and social services | - | - | - | - | - | - | - | - |
| Other | 186 | 0.32 | - | - | 160 | 0.35 | - | - |
| Total | 58,935 | 100.00 | 27,363 | 100.00 | 45,876 | 100.00 | 24,200 | 100.00 |

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

IV. Market Risk

In order to manage market risk, the Bank keeps a balanced foreign currency position, collaterals are taken for the loans, precautions are taken against interest rate risk and the utmost attention is paid to liquidity. "Interest Rate Risk", "Common Stock Position Risk", "Specific Risk" and "Currency Risk" is calculated within the Bank's market risk exposure on a monthly basis in accordance with the "Standard Method" and is included in the calculation of Capital Adequacy Ratio. The Board of Directors takes the necessary precautions for an efficient internal control and risk management system in the Bank and follows the operations closely in this respect. The changes are examined and evaluated on a monthly basis.

The maturity and instrument distribution of the Bank's portfolio and the developments in the markets are always followed by the senior management of the Bank. All of the treasury transactions of the Bank are realized within the approval and instruction of the senior management and fund management strategy of the Bank is revised by senior management, when required, in accordance with the new developments in the markets. High Level Risk Committee forms the risk management strategies and policies by evaluating the risk level of the Bank, and presents these to the Board of Directors. On the other hand, all transactions are always controlled and analyzed by the Risk Management Group, Internal Control Centre and Inspection Committee, which are responsible directly to the Board of Directors. Risk analysis reports prepared by Risk Management Department is presented to the Board of Directors periodically and when needed.

The market risk exposure is calculated and reported in accordance with the Standard Method which was explained in the 4th section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", published in the Official Gazette No. 24657 dated January 31, 2002.

| | Amount |
|--|---------------|
| Capital to be employed for interest rate risk – standard method | 2,594 |
| Capital to be employed for general market risk | 2,498 |
| Capital to be employed for specific risk | 96 |
| Capital to be employed for options subject to interest rate risk | - |
| Capital to be employed for common stock position risk – Standard method | - |
| Capital to be employed for general market risk | - |
| Capital to be employed for specific risk | - |
| Capital to be employed for options subject to common stock position risk | - |
| Capital to be employed for currency risk – Standard method | 635 |
| Capital liability | 635 |
| Capital to be employed for options subject to currency risk | - |
| Total Value-at-risk (VAR)-Internal Model | - |
| Total capital to be employed for market risk | 3,229 |
| Amount subject to market risk | 40,363 |

V. Currency Risk

Foreign currency risk indicates the possibilities of the potential losses that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement in accordance with Standard Method, all foreign currency assets, liabilities and forward transactions of the Bank are taken into account. Net short and long position of New Turkish Lira equivalent of each foreign currency is calculated. The higher absolute value position is taken as the base for calculating the share capital requirement. Share capital requirement is computed over this amount.

As a result of the uncertainty and volatility in the markets, no short or long positions are maintained, and accordingly, no currency risk is anticipated. The Bank provides required precautions to keep the currency risk at a minimum level. However, the currency risk that may arise has been calculated with the Standard Method on a weekly and monthly basis, and the results are reported to the official institutions and the Bank's senior management. In this regard, currency risk is closely monitored. Currency risk is taken into consideration as a part of the general market risk within the calculation of the Capital Adequacy Ratio.

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 Dollars | EURO |
|-------------------------|--------------------|-------------|
| As of December 30, 2005 | 1.34300 | 1.59040 |
| As of December 29, 2005 | 1.34220 | 1.59940 |
| As of December 28, 2005 | 1.34330 | 1.59290 |
| As of December 27, 2005 | 1.34240 | 1.59220 |
| As of December 26, 2005 | 1.34350 | 1.59430 |

The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty one days before the balance sheet date is 1.34617 YTL/USD, 1.59596 YTL/EUR and 0.01134 YTL / Japanese Yen.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

Information on currency risk of the bank: (Foreign currencies in thousand YTL)

| Current Period | EURO | USD | Yen | Other FC | Total |
|--|----------------|----------------|------------|-----------------|----------------|
| Assets | | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey | 553 | 7,078 | - | 145 | 7,776 |
| Due from other banks and financial institutions | 11,736 | 688 | 2 | 288 | 12,714 |
| Trading securities | 4,451 | 61,365 | - | - | 65,816 |
| Money market placements | - | - | - | - | - |
| Investment securities available-for-sale | - | 755 | - | - | 755 |
| Loans (*) | 13,217 | 43,307 | - | - | 56,524 |
| Investments in subsidiaries and associates | - | - | - | - | - |
| Investment securities held-to-maturity | 9,022 | 65,116 | - | - | 74,138 |
| Property and equipment | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other assets (**) | 322 | 20,092 | - | - | 20,414 |
| Total Assets | 39,301 | 198,401 | 2 | 433 | 238,137 |
| Liabilities | | | | | |
| Interbank deposits | 28,263 | 4,468 | - | 56 | 32,787 |
| Foreign currency deposits | 13,606 | 18,393 | - | 391 | 32,390 |
| Borrowings from money market | - | - | - | - | - |
| Funds provided from other financial institutions | 3,578 | 165,189 | - | - | 168,767 |
| Marketable securities issued | - | - | - | - | - |
| Miscellaneous payables | 696 | 1,777 | - | 21 | 2,494 |
| Other liabilities | 86 | 1,312 | - | 72 | 1,470 |
| Total liabilities | 46,229 | 191,139 | - | 540 | 237,908 |
| Net Balance Sheet Position | (6,928) | 7,262 | 2 | (107) | 229 |
| Net Off Balance Sheet Position | 6,782 | (6,715) | - | - | 67 |
| Financial derivative assets | 6,782 | - | - | - | 6,782 |
| Financial derivative liabilities | - | 6,715 | - | - | 6,715 |
| Non-cash loans | 86,831 | 163,138 | - | 9,850 | 259,819 |
| Prior Period | | | | | |
| Total Assets | 41,999 | 199,966 | 2 | 502 | 242,469 |
| Total Liabilities | 40,256 | 201,729 | - | 1,116 | 243,101 |
| Net Balance Sheet Position | 1,743 | (1,763) | 2 | (614) | (632) |
| Net Off Balance Sheet Position | - | (671) | - | 677 | 6 |
| Non-cash loans | 55,417 | 65,323 | - | 8,341 | 129,081 |

(*) Includes foreign currency indexed loans amounting to YTL 29,161 that are classified as YTL on the balance sheet.

(**) Includes income accrual of foreign currency indexed loans amounting to YTL 167 that are classified as YTL on the balance sheet.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

VI. Interest Rate Risk

The Bank measures the interest rate sensitivity of its assets, liabilities and off-balance sheets items. General and specific interest rate risk tables within the Standard method, including assets and liabilities, are used in the calculation of the interest rate risk that the Bank faces, and included in the capital Adequacy Standard Ratio as part of the general market risk calculation.

When the liabilities of the Bank are taken into consideration it is obvious that domestic borrowings are quite low. Due to this fact, the Bank is not affected by interest rate fluctuations in domestic markets. The return in asset ratios are constantly reviewed to remain over the costs of borrowings including the operational expense portions. The Board of Directors does not set any restriction on daily interest rates. Any set interest rate by the Bank does not give any reaction to any fluctuations in the market and mostly a stable strategy is adopted. The Board of Directors of the Bank delegates its responsibility to set interest and foreign exchange rates to General Management of the Bank. On the other hand, the Board of Directors of the Bank monitors the results on a monthly basis and governs the interest rates applied by the Bank.

Interest rate sensitivity of assets, liabilities and off-balance sheet items based on re-pricing dates

| End of 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, effectives, money in transit, cheques purchased) and Central Bank balances | 6,682 | - | - | - | - | 1,523 | 8,205 |
| Due from banks and other financial institutions | 12,717 | - | - | - | 11 | - | 12,728 |
| Trading securities | - | 33,815 | 26,611 | 15,874 | 26,330 | - | 102,630 |
| Money market placements | - | - | - | - | - | - | - |
| Investment securities available-for-sale | - | - | - | - | - | 886 | 886 |
| Loans | 40,106 | 41,451 | 4,099 | 521 | 121 | - | 86,298 |
| Investment securities held-to-maturity | - | 15,733 | - | 6,479 | 55,946 | - | 78,158 |
| Other assets (*) | 19,221 | 2,207 | 387 | 3,109 | - | 47,368 | 72,292 |
| Total assets | 78,726 | 93,206 | 31,097 | 25,983 | 82,408 | 49,777 | 361,197 |
| Liabilities | | | | | | | |
| Interbank deposits | 36,687 | - | - | - | - | - | 36,687 |
| Other deposits | 26,870 | 3,959 | 2,213 | 780 | - | - | 33,822 |
| Borrowings from money market | 29,336 | - | - | - | - | - | 29,336 |
| Miscellaneous payables | - | - | - | - | - | 2,506 | 2,506 |
| Marketable securities issued | - | - | - | - | - | - | - |
| Funds provided from other financial institutions | 121,117 | 46,062 | 1,713 | 398 | - | - | 169,290 |
| Other liabilities | 489 | 142 | 31 | 7 | - | 88,887 | 89,556 |
| Total liabilities | 214,499 | 50,163 | 3,957 | 1,185 | - | 91,393 | 361,197 |
| On Balance Sheet Interest Sensitivity Gap | (135,773) | 43,043 | 27,140 | 24,798 | 82,408 | (41,616) | - |
| Off Balance Sheet Interest Sensitivity Gap | - | - | - | - | - | - | - |
| Total Interest Sensitivity Gap | (135,773) | 43,043 | 27,140 | 24,798 | 82,408 | (41,616) | - |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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| End of 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, effectives, money in transit, cheques purchased) and Central Bank balances | - | - | - | - | - | 1,235 | 1,235 |
| Due from banks and other financial institutions | 3,019 | - | - | - | 535 | - | 3,554 |
| Trading securities | 8,062 | 1,256 | 2,997 | 22,352 | - | - | 34,667 |
| Money market placements | 7,311 | - | - | - | - | - | 7,311 |
| Investment securities available-for-sale | - | - | - | - | - | 886 | 886 |
| Loans | 32,468 | 30,625 | 6,832 | 112 | 39 | - | 70,076 |
| Investment securities held-to-maturity | - | 43,376 | 45,870 | 1,985 | 48,251 | - | 139,482 |
| Other assets (*) | 21,874 | 2,988 | 2,219 | 370 | 1 | 45,892 | 73,344 |
| Total assets | 72,734 | 78,245 | 57,918 | 24,819 | 48,826 | 48,013 | 330,555 |
| Liabilities | | | | | | | |
| Interbank deposits | 10,691 | - | - | - | - | - | 10,691 |
| Other deposits | 27,350 | 4,099 | 1,809 | 825 | - | - | 34,083 |
| Borrowings from money market | 3,517 | - | - | - | - | - | 3,517 |
| Miscellaneous payables | - | - | - | - | - | 4,206 | 4,206 |
| Marketable securities issued | - | - | - | - | - | - | - |
| Funds provided from other financial institutions | 20,105 | 173,310 | 1,128 | - | - | - | 194,543 |
| Other liabilities | 252 | 410 | 29 | 7 | - | 82,817 | 83,515 |
| Total liabilities | 61,915 | 177,819 | 2,966 | 832 | - | 87,023 | 330,555 |
| On Balance Sheet Interest Sensitivity Gap | 10,819 | (99,574) | 54,952 | 23,987 | 48,826 | (39,010) | - |
| Off Balance Sheet Interest Sensitivity Gap | | | | | | | - |
| Total Interest Sensitivity Gap | 10,819 | (99,574) | 54,952 | 23,987 | 48,826 | (39,010) | - |

(*) Other assets include Subsidiaries, Reserve Deposits, Miscellaneous Receivables, Accrued Interest and Income Receivables, Property and Equipment, Intangible Assets and Other Assets.

Average interest rates applied to monetary financial instruments

| End of Current Period | EURO % | USD % | Yen % | 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 | - | - | - |
| Trading securities | 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 |

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| End of Prior Period | EURO | USD | Yen | YTL |
|--|------|------|-----|-------|
| Assets | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey | - | 1.04 | - | 12.50 |
| Due from banks and other financial institutions | - | - | - | - |
| Trading securities | - | 5.00 | - | 28.50 |
| Money market placements | - | 1.03 | - | 18.00 |
| Investment securities available-for-sale | - | - | - | - |
| Loans | 6.26 | 5.88 | - | 23.73 |
| Investment securities held-to-maturity | 6.34 | 6.98 | - | 28.45 |
| Liabilities | | | | |
| Interbank deposits | 2.20 | - | - | - |
| Other deposits | 2.57 | 2.10 | - | 16.58 |
| Borrowings from money market | - | - | - | 18.00 |
| Miscellaneous payables | - | - | - | - |
| Marketable securities issued | - | - | - | - |
| Funds provided from other financial institutions | 2.29 | 2.54 | - | 16.00 |

The interest rates stated above are compound weighted interest rates.

VII. Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements.

Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to become unavailable.

Liquidity risk of the Bank results only from the possibility of recall of sources provided to the Bank before due dates. The Board of Directors of the Bank does not set any restrictions on using funds in case of immediate need for cash or repayments of borrowings that are due dated.

The borrowings, which constitute major portion of the Bank's sources, are mainly coming from previous periods and rolled forward consistently.

The Bank has obtained a subordinated loan from its major shareholder Libyan Arab Foreign Bank at December 30, 2002 amounting to USD 12,000,000 with a maturity of 5 years + 1 month and with an interest rate of Libor + 2. It has been committed that this loan balance will be transferred to paid in capital at the end of its maturity.

The funds provided by redemptions of held to maturity securities are mostly used to increase securities held for trading and to pay the foreign resources other than deposits.

The Bank's funds raised are utilized in short term bank placements, public sector debt securities denominated in foreign currencies that are actively traded in the secondary market and short term loans granted.

The Bank is careful in maintaining stability of interest rate gap between assets and liabilities. Income on Assets/Expenses on Liabilities ratio analysis are used to measure, evaluate and monitor interest rate mismatch periodically.

The Bank's short term liquidity need is met by its own resources. Additionally, if the domestic market conditions allow, domestic market sources are also used.

The Bank aims to convert the investment securities to the securities held for trading as they are matured and increase the portion of short term loans in total assets in order to strengthen its liquidity.

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Amounts and sources of cash flows, and maturity analysis are given in the table below.

Presentation of assets and liabilities based on their outstanding maturities:

| Current Period | Demand | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and over | Undistributed (*) | Total |
|--|---------------|--------------------------|-----------------------|-----------------------|------------------------|----------------------------|--------------------------|----------------|
| Assets | | | | | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances | 1,523 | 6,682 | - | - | - | - | - | 8,205 |
| Due from banks and other financial institutions | 1,584 | 11,133 | - | - | - | 11 | - | 12,728 |
| Trading securities | - | - | - | 411 | 15,874 | 86,345 | - | 102,630 |
| Money market placements | - | - | - | - | - | - | - | - |
| Investment securities available-for-sale | - | - | - | - | - | - | 886 | 886 |
| Loans | - | 38,643 | 25,290 | 12,719 | 6,893 | 2,753 | - | 86,298 |
| Investment securities held-to-maturity | - | - | - | - | 6,479 | 71,679 | - | 78,158 |
| Other assets | 4,306 | 12,096 | 4,764 | 1,137 | 3,310 | 190 | 46,489 | 72,292 |
| Total assets | 7,413 | 68,554 | 30,054 | 14,267 | 32,556 | 160,978 | 47,375 | 361,197 |
| Liabilities | | | | | | | | |
| Interbank deposits | 32,787 | 3,900 | - | - | - | - | - | 36,687 |
| Other deposits | 20,406 | 6,464 | 3,959 | 2,213 | 780 | - | - | 33,822 |
| Funds provided from other financial instruments | - | 121,117 | 29,946 | 1,713 | 398 | 16,116 | - | 169,290 |
| Borrowings from money market | - | 29,336 | - | - | - | - | - | 29,336 |
| Marketable securities issued | - | - | - | - | - | - | - | - |
| Miscellaneous payables | 1 | - | - | - | - | 2,505 | - | 2,506 |
| Other liabilities | 1,424 | 489 | 142 | 1,154 | 7 | 5,376 | 80,964 | 89,556 |
| Total liabilities | 54,618 | 161,306 | 34,047 | 5,080 | 1,185 | 23,997 | 80,964 | 361,197 |
| Net Liquidity Gap | (47,205) | (92,752) | (3,993) | 9,187 | 31,371 | 136,981 | (33,589) | - |
| Prior Period | | | | | | | | |
| Total Assets | 7,439 | 37,226 | 89,952 | 62,144 | 41,007 | 49,014 | 43,773 | 330,555 |
| Total Liabilities | 28,798 | 33,797 | 163,637 | 2,966 | 832 | 24,016 | 76,509 | 330,555 |
| Net Liquidity Gap | (21,359) | 3,429 | (73,685) | 59,178 | 40,175 | 24,998 | (32,736) | - |

(*) Such assets as property and equipment, subsidiaries and investments in associates, stationary, prepaid expenses and loans under follow-up, which are required for continuing the banking operations but do not have possibility to be cashed in a short period of time, are recorded here.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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VIII. Fair Values of Assets and Liabilities

The following table summarizes the carrying amounts and the fair values of the financial assets and liabilities that are not carried at fair value in the financial statements.

The investment securities consist of only interest bearing held to maturity assets. In the accompanying financial statements, held to maturity assets are valued at amortized costs. The fair value of the held to maturity assets is based on market prices or when this information is not available, broker/dealer quotations for securities with similar yield, maturity and other terms are used.

| | Book Value | | Fair Value | |
|--|----------------|--------------|----------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Financial Assets | 93,210 | 155,923 | 102,333 | 158,602 |
| Due from banks and other financial institutions | 12,729 | 10,869 | 12,729 | 10,869 |
| Investment securities available-for-sale | 886 | 886 | 886 | 886 |
| Investment securities held-to-maturity | 79,595 | 144,168 | 88,718 | 146,847 |
| Financial Liabilities | 272,119 | 247,542 | 272,119 | 247,542 |
| Interbank deposits | 66,036 | 14,213 | 66,036 | 14,213 |
| Other deposits | 33,918 | 34,180 | 33,918 | 34,180 |
| Funds provided from other financial institutions | 169,659 | 194,943 | 169,659 | 194,943 |
| Marketable securities issued | - | - | - | - |
| Miscellaneous Payables | 2,506 | 4,206 | 2,506 | 4,206 |

IX. Activities Carried Out on Behalf and Account of 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 others' behalf and account.

The Bank has no fiduciary transactions.

X. Segment Reporting

In accordance with Communiqué No:17 of AAR, segment reporting will be applied effective from January 1, 2006.

SECTION FIVE**FOOTNOTES AND DISCLOSURES ON FINANCIAL STATEMENTS****I. Explanation and Footnotes on Assets****i. Information related to the account of the Central Bank of Turkey**

| | Current Period | | Prior Period | |
|----------------------------|----------------|--------------|--------------|----------|
| | YTL | FC | YTL | FC |
| Demand Unrestricted Amount | 372 | - | 75 | - |
| Time Unrestricted Amount | - | 6,682 | - | 9 |
| Total | 372 | 6,682 | 75 | 9 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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2. Information related to securities held for trading:**a. Trading securities given as collateral or blocked:**

| | Current Period | | Prior Period | |
|---|----------------|---------------|--------------|----------|
| | YTL | FC | YTL | FC |
| Share certificates | - | - | - | - |
| Bond, Treasury bill and similar investment securities | 24,805 | 30,610 | 9,259 | - |
| Other | - | - | - | - |
| Total | 24,805 | 30,610 | 9,259 | - |

b. Trading securities subject to repurchase agreements:

| | Current Period | | Prior Period | |
|--------------------------------------|----------------|----------|--------------|----------|
| | YTL | FC | YTL | FC |
| Government bonds | 9,336 | - | 617 | - |
| Treasury bills | - | - | - | - |
| Other public sector debt securities | - | - | - | - |
| Bank bonds and bank guaranteed bonds | - | - | - | - |
| Asset backed securities | - | - | - | - |
| Other | - | - | - | - |
| Total | 9,336 | - | 617 | - |

3. Information on Foreign Bank accounts:

| | Unrestricted Amount | | Restricted Amount | |
|---------------------------|---------------------|--------------|-------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| European Union countries | 804 | 447 | 2 | - |
| USA and Canada | 147 | 2,184 | 9 | 535 |
| OECD Countries* | 197 | 111 | - | - |
| Off-shore banking regions | - | - | - | - |
| Other | 409 | 202 | - | - |
| Total | 1,557 | 2,944 | 11 | 535 |

(*) OECD countries other than European Union countries, USA and Canada.

4. Information on receivables from reverse repurchase agreements: None.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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5. Information on investment securities available-for-sale**a. Types of available for sale securities:**

Available-for-sale securities consist of the financial and non-financial sector investments with shareholding interest between 0.08% and 1.25%.

b. Information on investment securities available-for-sale:

| | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Debt securities | - | - |
| Quoted in a stock exchange | - | - |
| Not quoted | - | - |
| Share certificates | 886 | 886 |
| Quoted in a stock exchange | - | - |
| Not quoted | 886 | 886 |
| Impairment provision (-) | - | - |
| Total | 886 | 886 |

c. Information on available-for-sale securities given as collateral: None.**d. Information on the available-for-sale securities given as guarantee/ blocked:** None.**e. Available-for-sale securities subject to repo transactions:** None.**6. Information related to loans:****a. Information on all types of loans and advances given to shareholders and employees of the Bank:**

| | Current Period | | Prior Period | |
|--|----------------|----------------|--------------|----------------|
| | Cash Loans | Non-cash loans | Cash Loans | Non-cash loans |
| Direct loans granted to shareholders | 116 | 51,144 | 135 | 2,515 |
| Corporate shareholders | 116 | 51,144 | 135 | 2,515 |
| Real person shareholders | - | - | - | - |
| Indirect Loans granted to shareholders | 11,578 | 13,281 | 1,690 | 15,324 |
| Loans granted to employees | 165 | 22 | 112 | 15 |
| Total | 11,859 | 64,447 | 1,937 | 17,854 |

Direct cash loans granted to corporate shareholders consist of YTL 16 to T. İş Bankası A.Ş. and YTL 100 to Libyan Arab Foreign Bank.

Direct non-cash loans granted to corporate shareholders consist of YTL 4,103 as letters of credit to Libyan Arab Foreign Bank, YTL 47,041 as letters of guarantee and other guarantees to T. İş Bankası A.Ş.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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b. 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 | 86,298 | - | - | - |
| Discount Notes | 1,715 | - | - | - |
| Export loans | 24,281 | - | - | - |
| Import loans | - | - | - | - |
| Loans given to financial sector | 48,380 | - | - | - |
| International loans | 74 | - | - | - |
| Consumer loans | 186 | - | - | - |
| Credit cards | - | - | - | - |
| Precious metals loans | - | - | - | - |
| Other | 11,662 | - | - | - |
| Specialized loans | - | - | - | - |
| Other receivables | - | - | - | - |
| Total | 86,298 | - | - | - |

c. Loans based on 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 |
| Cash Loans | | | | |
| Short-term loans | 76,768 | - | - | - |
| Non-specialized loans | 76,768 | - | - | - |
| Specialized loans | - | - | - | - |
| Other receivables | - | - | - | - |
| Medium and long-term loans | 9,530 | - | - | - |
| Non-specialized loans | 9,530 | - | - | - |
| Specialized loans | - | - | - | - |
| Other receivables | - | - | - | - |
| Total | 86,298 | - | - | - |

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d. Information on Consumer Loans:

| | Short-term | Medium and long-term | Total | Accrued interest and income receivable |
|--|------------|----------------------|------------|--|
| Consumer loans – YTL | 19 | 3 | 22 | - |
| Real estate loans | - | - | - | - |
| Automotive loans | - | - | - | - |
| Consumer loans | 19 | 3 | 22 | - |
| Other | - | - | - | - |
| Consumer loans – Indexed to FC | - | - | - | - |
| Real estate loans | - | - | - | - |
| Automotive loans | - | - | - | - |
| Consumer loans | - | - | - | - |
| Other | - | - | - | - |
| Consumer loans – 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 | 38 | 126 | 164 | - |
| Real estate loans | - | - | - | - |
| Automotive loans | - | - | - | - |
| Consumer loans | - | - | - | - |
| Other | 38 | 126 | 164 | - |
| 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 – FC | - | - | - | - |
| Installment | - | - | - | - |
| Non-Installment | - | - | - | - |
| Total | 57 | 129 | 186 | - |

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e. Information on Commercial Installment Loans and Corporate Credit Cards:

The Bank has no commercial installment loan or corporate credit card as of balance sheet date.

f. Loans based on type of borrowers:

| | Current Period | Prior Period |
|--------------|----------------|---------------|
| Public | - | - |
| Private | 86,298 | 70,076 |
| Total | 86,298 | 70,076 |

g. International and domestic loans:

| | Current Period | Prior Period |
|----------------|----------------|---------------|
| Domestic loans | 84,503 | 67,695 |
| Foreign loans | 1,795 | 2,381 |
| Total | 86,298 | 70,076 |

h. Loans granted to subsidiaries and investments:

There is no loan granted to subsidiaries and investments as of balance sheet date.

j. Specific provisions provided against loans:

| Specific provisions | Current Period | Prior Period |
|--|----------------|---------------|
| Loans and receivables with limited collectibility | - | 2 |
| Loans and receivables with doubtful collectibility | - | - |
| Uncollectible loans and receivables | 7,430 | 10,773 |
| Total | 7,430 | 10,775 |

The Bank provides provision without taking collaterals into consideration and provides 20% provision for loans and receivables with limited collectibility, 50% for loans and receivables with doubtful collectibility and 100% for uncollectible loans and receivables.

k. Information on loans under follow-up account (Net):

k.1. Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled: None.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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k.2. The movement of loans under follow-up:

| | III. Group Loans and receivables with limited collectibility | IV. Group Loans and receivables with doubtful collectibility | V. Group Uncollectible loans and receivables |
|--|--|--|--|
| Prior period end balance | 8 | - | 10,773 |
| Additions (+) | - | - | 29 |
| Transfers from other categories of loans under follow-up (+) | - | - | 8 |
| Transfers to other categories of loans under follow-up (-) | 8 | - | - |
| Collections (-) | - | - | 80 |
| Write-offs (-) | - | - | 3,300 |
| Current period end balance | - | - | 7,430 |
| Specific provision (-) | - | - | 7,430 |
| Net Balance on balance sheet | - | - | - |

k.3. Information on foreign currency loans and other receivables under follow-up: None.**l) Liquidation policies for the uncollectible loans and other receivables:**

The loans and other receivables decided to be uncollectible are written off from the assets according to the Tax Law by the decision of the top management in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" related to the clause 12 of article 11 and clause 11 of the article 3 of the Bank Law 4389 changed by the laws 4672 and 4491 and announced at the Official Gazette numbered 24448 and dated June 30, 2001.

7. Information on factoring receivables: None.**8. Information on securities held-to-maturity (Net):****a. Information on investment securities held-to-maturity:**

| | Current Period | Prior Period |
|----------------------------|----------------|----------------|
| Debt securities | 80,293 | 140,740 |
| Quoted in a stock exchange | 80,293 | 140,740 |
| Not quoted | - | - |
| Impairment provision (-) | 2,135 | 1,258 |
| Total | 78,158 | 139,482 |

Securities held to maturity consist of YTL 74,138 (USD 49,948,350 – USD 1,463,133 impairment provision - and EUR 5,779,435 – Eur 106,654 impairment provision) Eurobond, and YTL 4,020 New Turkish Lira denominated government bonds.

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b. The movement of investment securities held-to-maturity in the current year:

| | Current Period | Prior Period |
|---|----------------|----------------|
| Beginning Balance | 139,482 | 141,263 |
| Foreign currency differences on monetary assets | (1,762) | (19,446) |
| Purchases during year | 32,124 | 29,922 |
| Disposals through sales and redemptions | (89,551) | (10,999) |
| Impairment provision (-) | 2,135 | 1,258 |
| Period end balance | 78,158 | 139,482 |

c.1. Information on accounts in which investment securities held-to-maturity recorded:

| Investment securities held-to-maturity | Current Period | | | | Prior Period | | | |
|--|-----------------|----------|----------------|----------|-----------------|---------------|----------------|---------------|
| | Historical Cost | | Amortised Cost | | Historical Cost | | Amortised Cost | |
| | YTL | FC | YTL | FC | YTL | FC | YTL | FC |
| Given as collateral or blocked | 4,020 | - | 4,555 | - | 6,378 | 12,473 | 7,424 | 13,336 |
| Subject to repo transactions | - | - | - | - | - | - | - | - |
| Held for position | - | - | - | - | - | - | - | - |
| Receivables from securities lending | - | - | - | - | - | - | - | - |
| Collaterals on securities lending | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total | 4,020 | - | 4,555 | - | 6,378 | 12,473 | 7,424 | 13,336 |

The cost of the free securities held to maturity is YTL 74,138 and amortised cost is YTL 75,040 at the current period; and cost is YTL 120,631 and amortised cost is YTL 123,407 at the prior period.

c.2. Investment securities held-to-maturity given as collateral or blocked:

| | Current Period | | Prior Period | |
|---|----------------|----------|--------------|---------------|
| | YTL | FC | YTL | FC |
| Bills | - | - | - | - |
| Bonds and similar investment securities | 4,020 | - | 6,378 | 12,473 |
| Other | - | - | - | - |
| Total | 4,020 | - | 6,378 | 12,473 |

c.2. Investment securities held-to-maturity given as collateral or blocked:

Held-to-maturity securities given as a guarantee consist of government bonds amounting to YTL 4,020 given to the Istanbul Stock Exchange as trading guarantee.

c.3. Investment securities held-to-maturity subject to repurchase transactions: None.**c.4. Investment securities held-to-maturity held for structural position: None.****9. Information on investments and associates (Net):**

As of the date of the balance sheet, the Bank does not have any investments or associates.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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10. Information on subsidiaries (Net):**a) Information on subsidiaries:**

Shareholders and other members of the group, which have voting, control power together with the parent and/or other members of the financial group: None

a.1) Information on subsidiaries:

| Description | Address (City/ Country) | Bank's share percentage-If different voting percentage(%) | Bank's risk group share percentage (%) |
|----------------------------|-------------------------|---|--|
| A&T Finansal Kiralama A.Ş. | Istanbul | 99.98 | 99.98 |

a.2. Information on subsidiaries as presented in table a.1:

| Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from marketable securities portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Fair value |
|--------------|----------------------|--------------------|-----------------|---|------------------------------|----------------------------|------------|
| 77.237 | 28,917 | 116 | 8,088 | - | 7.455 | (600) | - |

b) Information on subsidiaries:**b.1. Information on subsidiaries:**

| | Current Period | Prior Period |
|--|----------------|--------------|
| Balance at the beginning of the period | 16,956 | 11,613 |
| Movements within the period | 3,500 | 5,343 |
| Purchases | - | 2,137 |
| Free shares obtained | 3,500 | 3,206 |
| Dividends from current year income | - | - |
| Sales | - | - |
| Revaluation increase | - | - |
| Impairment provision | - | - |
| Balance at the end of the period | 20,456 | 16,956 |
| Capital commitments | - | - |
| Shareholding interest at the end of the period (%) | 99.98 | 99.98 |

b.2. Valuation of subsidiaries:

| | Current Period | Prior Period |
|------------------------------|----------------|--------------|
| Valuation at cost | 20,456 | 16,956 |
| Valuation at fair value | - | - |
| Valuation with equity method | - | - |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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b.3. Sector information on subsidiaries and the related carrying amounts:

| Subsidiaries | Current Period | Prior Period |
|-----------------------------|----------------|--------------|
| Banks | - | - |
| Insurance companies | - | - |
| Factoring companies | - | - |
| Leasing companies | 20,456 | 16,956 |
| Finance companies | - | - |
| Other financial investments | - | - |

b.4. Subsidiaries quoted to domestic stock exchanges: None.

As of December 31, 2005, the total shareholders equity of the subsidiary amounts to YTL 28,917 which is reflected with the restated cost as of December 31, 2004 amounting to YTL 20,456 in the accompanying financial statements.

b.5. Information on the subsidiaries that were disposed of in current period: None.**b.6. Information on the subsidiaries purchased in current period:** None.**11. Information on other investments:** None.**12. Information on finance lease receivables (Net)**

The Bank has no receivables from financial leasing transactions.

13. Information on receivables arising from term sales of assets included in miscellaneous receivables: None.**14. Explanations related to interest and income accruals:****a. Information about accrued interest and income receivables on loans:**

| Accrued interest and income receivables on loans | Current Period | | Prior Period | |
|--|----------------|------------|--------------|------------|
| | YTL | FC | YTL | FC |
| Interest receivables | - | - | - | - |
| Interest accruals | 644 | 276 | 659 | 194 |
| Loan commissions and other income receivables | - | - | - | - |
| Loan commissions and other income accruals | - | - | - | - |
| Total | 644 | 276 | 659 | 194 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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b. Information on other accrued interest and income:

| Other accrued interest and income receivables | Current Period | | Prior Period | |
|---|----------------|--------------|--------------|--------------|
| | YTL | FC | YTL | FC |
| Trading securities | 3,675 | 1,076 | 3,314 | 200 |
| Investment securities available-for-sale | - | - | - | - |
| Investment securities held-to-maturity | 535 | 902 | 1,178 | 3,508 |
| Interest accruals of reverse repo transactions | - | - | - | - |
| Interest accruals of reserve deposits | 4 | 87 | 4 | 41 |
| Income accruals of financial derivative instruments | - | 66 | - | - |
| Interest and income accruals | - | - | - | - |
| Income accrual of foreign exchange gains | - | 66 | - | - |
| Accruals of factoring receivables | - | - | - | - |
| Other | - | 1 | - | 4 |
| Total | 4,214 | 2,132 | 4,496 | 3,753 |

Securities held to maturity and loans and receivables originated by the Bank are initially recognized at cost including transaction costs. Securities held to maturity are accounted at the amortized cost calculated with the internal rate of return method after deducting the provision set for the impairment, if exists.

The government bonds and treasury bills included in the held for trading portfolio, are valued as such;

- if they are traded at ISE, then by the weighted average prices of ISE at the balance sheet date,
- if they are traded at ISE, however has no transaction at the balance sheet date, then by weighted average prices of ISE at the last transaction date,
- if they are not traded at ISE, then by the prices declared by Central Bank of Turkey.

15. Information on Property and Equipment (Net):

| | Land and Buildings | Leased fixed assets | Vehicles | Other tangible fixed assets (*) | Total |
|---|--------------------|---------------------|------------|---------------------------------|---------------|
| Prior Period End: | | | | | |
| Cost | 27,286 | 3,839 | 647 | 5,744 | 37,516 |
| Accumulated depreciation (-) | 6,394 | 3,331 | 425 | 2,750 | 12,900 |
| Net book value | 20,892 | 508 | 222 | 2,994 | 24,616 |
| Current Period End: | | | | | |
| Net book value at beginning of the period | 20,892 | 508 | 222 | 2,994 | 24,616 |
| Additions | 17 | - | 174 | 198 | 389 |
| Disposals (-) | - | - | 152 | 318 | 470 |
| Impairment | - | - | - | - | - |
| Depreciation (-) | 712 | 196 | 116 | 245 | 1,269 |
| Currency translation differences resulting from foreign investments | - | - | - | - | - |
| Current Period Cost | 27,303 | 3,839 | 669 | 5,624 | 37,435 |
| Current Period Accumulated depreciation (-) | 7,106 | 3,527 | 406 | 3,002 | 14,041 |
| Closing net book value | 20,197 | 312 | 263 | 2,622 | 23,394 |

(*) The other tangible fixed assets include YTL 1,842 (2004 – YTL 2,102) Land and Buildings to be Sold acquired for receivables, related assets are not depreciated at the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

a) The amount of impairment for a single real estate property if it is material to the financial statements as a whole;

a.1. The indications and conditions for recording or reversal of impairment: None.

a.2. The amount of impairment recorded or reversed in the financial statements: None.

b) The total amount of impairment recorded and reversed in the current period which, in aggregate, has a material effect on the financial statements and the indications and conditions for recording or reversal of impairment by asset group: None.

16. Information on Intangible Assets:**a) Useful lives and amortisation rates used:**

The cost of intangible assets subject to amortization is allocated over the useful life systematically, and the amortization period begins at the acquisition date, the assets are amortized during the estimated useful lives.

b) **Amortization methods used:** Straight-line amortization method is used over the restated cost as of December 31, 2004 with the rate of 20%.

c) Gross amounts and accumulated amortization at the beginning and end of the periods:

| | Current Period | Prior Period |
|--------------------------|----------------|--------------|
| Gross book value | 2,493 | 2,307 |
| Accumulated amortization | (2,051) | (1,896) |
| Total | 442 | 411 |

d) Movements on intangible assets for the current period:

| | Current Period |
|---|----------------|
| Beginning balance | 411 |
| Internally generated | - |
| Additions due to mergers, transfers and acquisitions | 186 |
| Not used and disposed items | - |
| Increases or decreases in the revaluation fund | - |
| Impairment charges | - |
| Reversal of impairment charges | - |
| Depreciation expenses (-) | 155 |
| Currency translation differences arising from foreign investments | - |
| Other differences in book values | - |
| Period end balance | 442 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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e) Disclosures for book value, description and remaining amortization time for a specific intangible asset that is significant to the financial statements: None.

f) Disclosure for intangible assets acquired through government incentives and accounted at fair value: None.

g) The method of subsequent remeasurement for intangible assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.

h) The book value of intangible assets that are pledged or restricted for use: None.

i) Purchase commitments for intangible assets: None.

j) Disclosure on asset basis for intangible assets subject to revaluation: None.

k) Amount of total research and development expenses recorded in income statement within the period if any: None.

l) Information on goodwill: None.

m) Movements of goodwill in the current period: None.

n) Movements of negative goodwill in the current period: None.

17. Information on Deferred Taxes:**a) Deferred tax asset calculated over deductible temporary differences, tax loss, tax deductions and exceptions:**

The Bank has reflected the net deferred tax asset of YTL 1,990 calculated in accordance with the provisions of Communiqué No:18 of AAR effective from July 1, 2004 at the accompanying financial statements. The deferred tax asset is mainly calculated over temporary differences such as retirement pay liability provision and revaluation of marketable securities. There is no tax losses carried and tax deductions and exceptions base to deferred tax asset. In accordance with the declaration of BRSA dated December 8, 2004 numbered 2004/3, the general loan loss reserve and other possible loss reserves are not subject to deferred tax calculation.

b) Deductible temporary differences, tax losses and tax deductions and exceptions which have not been subject to deferred tax calculation at prior periods, and the date their validity ends: None.

c) Reserve set for the deferred taxes and deferred tax assets resulting from the cancellation of such reserves: None.

18. Information on other assets:**a. Information on prepaid expenses, taxes and similar items:**

| | Current Period | Prior Period |
|----------------------|----------------|--------------|
| Prepaid expenses | 155 | 149 |
| Advance tax payments | 689 | 1,931 |
| Stationary | 53 | 46 |
| Other | 3 | 9 |
| Total | 900 | 2,135 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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b. Other assets and liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments): None.

II. Explanations and Footnotes on Liabilities:**i. Information on deposits:****a. Information of maturity structure of deposits:****a.1. Current period:**

| | Demand | With 7 days maturity | Up to 1 month | 1-3 Months | 3-6 Months | 6 Months- 1 Year | 1 Year and over |
|--------------------------------|---------------|-------------------------|------------------|---------------|---------------|---------------------|--------------------|
| Saving deposits | 108 | - | 307 | 181 | 32 | 24 | - |
| Foreign currency deposits | 19,800 | - | 3,345 | 2,707 | 2,914 | 3,624 | - |
| Residents in Turkey | 8,983 | - | 2,590 | 2,128 | 1,678 | 646 | - |
| Residents abroad | 10,817 | - | 755 | 579 | 1,236 | 2,978 | - |
| Public sector deposits | - | - | - | - | - | - | - |
| Commercial deposits | 267 | - | 118 | 161 | - | - | - |
| Other institutions deposits | 231 | - | - | 3 | - | - | - |
| Precious metals deposits | - | - | - | - | - | - | - |
| Interbank deposits | 32,787 | - | 3,900 | - | - | - | - |
| Central Bank of Turkey | - | - | - | - | - | - | - |
| Domestic Banks | - | - | 3,900 | - | - | - | - |
| Foreign Banks | 32,787 | - | - | - | - | - | - |
| Special financial institutions | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total | 53,193 | - | 7,670 | 3,052 | 2,946 | 3,648 | - |

a.2. Prior period:

| | Demand | With 7 days maturity | Up to 1 month | 1-3 Months | 3-6 Months | 6 Months- 1 Year | 1 Year and over |
|--------------------------------|---------------|-------------------------|------------------|---------------|---------------|---------------------|--------------------|
| Saving deposits | 81 | - | 286 | 167 | 95 | 23 | - |
| Foreign currency deposits | 18,941 | - | 4,103 | 4,205 | 2,047 | 3,581 | - |
| Residents in Turkey | 10,214 | - | 3,232 | 3,007 | 1,055 | 676 | - |
| Residents abroad | 8,727 | - | 871 | 1,198 | 992 | 2,905 | - |
| Public sector deposits | - | - | - | - | - | - | - |
| Commercial deposits | 292 | - | 43 | 1 | - | - | - |
| Other institutions deposits | 122 | - | 96 | - | - | - | - |
| Precious metals deposits | - | - | - | - | - | - | - |
| Interbank deposits | 8,682 | - | 2,009 | - | - | - | - |
| Central Bank of Turkey | - | - | - | - | - | - | - |
| Domestic Banks | - | - | 2,009 | - | - | - | - |
| Foreign Banks | 8,682 | - | - | - | - | - | - |
| Special financial institutions | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total | 28,118 | - | 6,537 | 4,373 | 2,142 | 3,604 | - |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

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b.1. Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding portion:

| Savings Deposits | Under the guarantee of deposit insurance | | Exceeding the limit of insurance deposit | |
|---|---|---------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving deposits (*) | 650 | 579 | 8 | 73 |
| Foreign currency saving deposits | 8,687 | 9,622 | 6,565 | 6,912 |
| Other deposits in the form of saving deposits | - | - | - | - |
| Foreign branches' deposits under foreign authorities' insurance | - | - | - | - |
| Off-shore deposits under foreign authorities' insurance | - | - | - | - |
| Total | 9,337 | 10,201 | 6,573 | 6,985 |

(*) These amounts include related accruals at the current period.

Effective from July 5, 2004, the guarantee amount on savings deposits is limited to YTL 50.

b.2. The bank whose head office located abroad should disclose the total amount of savings deposit in Turkish branch, and insured in the country of head office: None.**b.3. Saving deposits which are not under the guarantee of deposit insurance fund:** None.**2. Information on funds provided from repurchase agreement transactions:**

| | Current Period | | Prior Period | |
|--|----------------|----------|--------------|----------|
| | YTL | FC | YTL | FC |
| From domestic transactions | 9,336 | - | 617 | - |
| Financial institutions and organizations | 9,000 | - | - | - |
| Other institutions and organizations | 38 | - | 136 | - |
| Real persons | 298 | - | 481 | - |
| From foreign transactions | - | - | - | - |
| Financial institutions and organizations | - | - | - | - |
| Other institutions and organizations | - | - | - | - |
| Real persons | - | - | - | - |
| Total | 9,336 | - | 617 | - |

3. Information on borrowings:**a. Information on borrowings:**

| | Current Period | | Prior Period | |
|----------------------|----------------|----------------|--------------|----------------|
| | YTL | FC | YTL | FC |
| Short-term | 523 | 152,651 | 215 | 178,223 |
| Medium and long-term | - | - | - | - |
| Total | 523 | 152,651 | 215 | 178,223 |

b. The majority of the borrowings are short-term foreign currency loans obtained from North African countries. The outstanding loans as of the date of the balance sheet are obtained from Libyan Arab Foreign Bank. Interest rates vary between 2.2% and 4.4%. Maturities are between 1 month to 3 months.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

4. a. Information on debt securities issued: None.**b. Information on convertible bonds:** None.**c. Maturity structure, interest rate, type of currency of the issued securities:** None.**5. Explanation on Funds:** None.**6. Miscellaneous payables:**

| | Current Period | Prior Period |
|--|----------------|--------------|
| Total amount of cash collateral obtained | 394 | 2,016 |

The cash collateral includes cash guarantees received in return for letter of guarantees given to customers.

7. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and breakdown of items which constitute at least 20% of grand total:**a.** There is not a deferred tax liability recorded as of December 31, 2005.**b.** Other liabilities do not exceed 10% of balance sheet.**8. Information on taxes payable:****a. Information on taxes:**

| | Current Period | Prior Period |
|--|----------------|--------------|
| Corporate taxes payable | 14 | 7 |
| Taxation of securities | 13 | 8 |
| Property tax | 1 | 1 |
| Banking Insurance Transaction Tax (BITT) | 56 | 60 |
| Foreign Exchange Legislation Tax | 9 | 4 |
| Value added tax payable | 9 | 9 |
| Other | 284 | 337 |
| Total | 386 | 426 |

b. Information on premiums:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Social Security Premiums-Employee | 63 | 57 |
| Social Security Premiums-Employer | 89 | 81 |
| 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 | 4 | 3 |
| Unemployment insurance-Employer | 9 | 8 |
| Other | - | - |
| Total | 165 | 149 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

9. Factoring payables: None.**10. Finance lease payables:****a. Important terms of the financial lease contracts, including criteria used to determine contingent installments of financial lease contracts, existing conditions for renewals and purchase options, and any restrictions in the contract bringing material liabilities to the bank:**

The Bank enters all financial lease transaction with its subsidiary A&T Finansal Kiralama A.Ş. The payments are made in equal installments. These financial lease agreements do not impose any material liability to the Bank. As of December 31, 2005, the Bank has no such liability.

b. Detailed explanations about changes in the contracts and the new liabilities incurred due to such changes: None.**c. Liabilities incurred due to financial lease agreements:**

| | Current Period | | Prior Period | |
|-------------------|----------------|-----|--------------|-----------|
| | Gross | Net | Gross | Net |
| Less than 1 | - | - | - | - |
| Between 1-4 Years | - | - | - | 25 |
| More than 4 Years | - | - | - | - |
| Total | - | - | - | 25 |

d. Operating leases

The branch in Kozyatağı and the archive building have been rented and as of the balance sheet date the Bank recorded YTL 150 as rent expense.

e. Contractual conditions and special terms for the lessee and the lessor related to sale and lease back transactions:

The Bank has no sale and lease back transaction.

11. Information on accrued interest and expenses payables:

| | Current Period | | Prior Period | |
|---|----------------|------------|--------------|------------|
| | YTL | FC | YTL | FC |
| Accrued interest on deposits | 11 | 90 | 9 | 93 |
| Accrued interest on borrowings | 7 | 362 | 3 | 397 |
| Accrued interest on bonds | - | - | - | - |
| Accrued interest on repurchase agreement transactions | 8 | - | - | - |
| Accrued interest on financial derivative instruments | - | - | - | - |
| Accrued interest and expense | - | - | - | - |
| Foreign exchange losses accrued | - | - | - | - |
| Accruals on factoring payables | - | - | - | - |
| Other interest and expense accruals | 191 | - | 171 | - |
| Total | 217 | 452 | 183 | 490 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

12. Information on Provisions and Subordinated Loans:**a. Information on general provisions:**

| | Current Period | Prior Period |
|---|----------------|--------------|
| General provisions | 1,002 | 619 |
| Provisions for First Group Loans and Receivables | 721 | 478 |
| Provisions for Second Group Loans and Receivables | 1 | 4 |
| Provisions for Non Cash Loans | 280 | 137 |
| Others | - | - |

b. Information on retirement pay provision and indemnity:

| | 5 PP | 4 PP | 3 PP | 2 PP | Prior Period | Current Period |
|--|-------|-------|-------|-------|--------------|----------------|
| Actual Payments of Employee Termination Benefits | 447 | 492 | 244 | 228 | 62 | 523 |
| Reserve for Employee Termination Benefits and Indemnity | 1,786 | 2,748 | 3,551 | 3,701 | 4,104 | 4,315 |
| Actual Payment Ratio | 25.03 | 17.90 | 6.87 | 6.16 | 1.51 | 12.12 |
| Ratio of reserve for Employee Termination Benefits and Indemnity | - | - | - | - | - | 11.49 |
| Possible reserve for Employee Termination Benefits and Indemnity | - | - | - | - | - | 496 |

Although YTL 496 is required to be booked for employee termination and indemnity per AAR, full provision for retirement pay liability amounting to YTL 2,774 is recorded as of December 31, 2005.

c. Liabilities resulting from retirement benefits: None.**c.1. Liabilities for foundations established in accordance with "Social Security Institution: None.****c.2. All kinds of liabilities against establishment of foundations that provide benefits for the employees after retirement: None.****d. The uncertainties related to the timing of expected payment amount and nature of provisions:**

The Bank provides full provision for either loan losses or retirement pay liability due to the conservatism approach. No uncertainty exists for the nature and payment terms of these provisions.

e. Foreign exchange loss provision on foreign currency indexed loans:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Foreign currency indexed loans | | |
| Foreign Exchange losses (netted-off from loan amounts) | 1,052 | 1,424 |

f. Impairment in value arising from settlement date accounting: None.**g. The specific provision provided for unindemnified non cash loans:**

| | Current Period | Prior Period |
|------------------------------|----------------|--------------|
| Unindemnified non cash loans | 444 | 42 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

h. Information on other provisions: The Bank has provided YTL 444 provision for unindemnified non cash loans and YTL 1,036 specific provision for the employee benefits, other than the amounts that local legislation anticipates, to be paid to the foreign employees in case they leave.

i. Information on subordinated loan:

The Bank has obtained a subordinated loan at December 30, 2000 from its major shareholder Libyan Arab Foreign Bank amounting to USD 12,000,000 with a maturity of 5 years + 1 month and with an interest rate of Libor + 2. It has been committed that this loan will be transferred to paid in capital at the end of its maturity.

| | Current Period | | Prior Period | |
|----------------------------------|----------------|---------------|--------------|---------------|
| | YTL | FC | YTL | FC |
| From Domestic Banks | - | - | - | - |
| From Other Domestic Institutions | - | - | - | - |
| From Foreign Banks | - | 16,116 | - | 16,105 |
| From Other Foreign Institutions | - | - | - | - |
| Total | - | 16,116 | - | 16,105 |

13. Information on Shareholders' Equity:**a. Presentation of paid-in capital:**

| | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Common stock | 41,000 | 29,000 |
| Preferred stock | - | - |

b. Registered share capital system is not applied by the Bank.**c. Information on share capital increases and their sources; other information on increased capital shares in current period:**

The Bank has increased its share capital by YTL 12,000 through YTL 6,000 transfer from prior year income and YTL 6,000 transfer from inflation adjustment to paid-in-capital in accordance with the decision taken at General Meeting dated March 24, 2005 and related share capital increase is recorded at May 16, 2005.

d. Information on share capital increases from revaluation funds: None.**e. Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:** None.**f. Prior periods' indicators related with the Bank's income, profit and liquidity and the possible effects of the foresights which are formed considering the uncertainties in these indicators:**

The Bank's availability to provide easy and more cheaper (suitable) funds from the foreign banks that has good business relations, and by placing these funds in domestic markets, the Bank continued to realize positive profit margins. The Bank aims to keep the profits earned within the Bank and increase the shareholders' equity.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

g. Summary information on privileges given to the shares 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 five 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 four directors, and to replace these directors at any time.

The term of the initial Board of Directors shall be five years, subject to re-appointment or replacement by the shareholders nominating them. Thereafter, the term of the Board of Directors shall be three years, likewise subject to re-appointment or replacement by the shareholders nominating them.

The Management Committee shall be composed of five members. The chairman of the Board and the General Manager of the Bank shall necessarily be natural members of this Committee. The remaining three members shall be elected by the members of the Board. Management Committee meets with presence of four members or their representatives and resolutions are taken with at least acceptance of three members.

The General Manager shall always be nominated by the Arab Shareholders, appointed and retired by the Board. The General Manager shall be responsible for the daily administration of the Bank and the implementation and enforcement of the decisions of the Board and the Management Committee. If the General Manager is not a member of the Management Committee, he shall have the right to attend the meetings of this Committee without the right to vote.

All of the Arab shareholders shall be entitled to equal protection under Turkish law as if they are Turkish nationals. This guarantee shall include but not limited to free transfer of shares and receipt of dividends. Likewise the Arab shareholders shall at all times be absolutely entitled to the benefit and protection of the Encouragement of Foreign Capital Law No 6224.

14. Common Stock Issue Premiums, Shares and Equity Instruments: None.

15. a. Information on marketable securities value increase fund: None.

b. Information on the presentation of foreign exchange gains arising from foreign currency affiliates, subsidiaries and available-for-sale securities in the financial statements:

The Bank has a shareholding interest of 1.25% in Arab Financial Services Co. As at the balance sheet date the carrying amount of this affiliate is US 562,500 Dollars. The valuation differences over this foreign investment is realized under foreign exchange gains and losses accounts.

c. Explanation on the amount of cumulative foreign exchange differences relating to prior years and included in shareholders' equity as a separate line item when the accounting standard on the effect of changes in foreign exchange rates initially applied: None.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

16. Information on revaluation fund:

The revaluation fund has been eliminated in statutory books as of December 31, 2004 due to the application of inflation accounting in the statutory books in accordance with the Law numbered 5024.

17. Elements of the revaluation fund:

The revaluation fund has been eliminated in statutory books as of December 31, 2004 due to the application of inflation accounting in the statutory books in accordance with the Law numbered 5024.

18. Information on legal reserves:

| | Current Period | Prior Period |
|--|----------------|--------------|
| I. First legal reserves | 781 | 498 |
| II. Second legal reserves | - | - |
| Other legal reserves allocated per special legislation | - | - |
| Total | 781 | 498 |

19. Information on extraordinary reserves:

Extraordinary reserves in the Bank's legal books, as booked in accordance with the General Assembly decisions are eliminated while netting off the prior year losses.

20. Information on shareholders having more than 10% shareholding:

| Name/Commercial title | Share Amounts (*) | Share Percentage | Paid-in capital | Unpaid portion |
|--------------------------|-------------------|------------------|-----------------|----------------|
| LIBYAN ARAB FOREIGN BANK | 19,553 | 47,69 | 19,553 | - |
| TÜRKİYE İŞ BANKASI A.Ş. | 8,200 | 20,00 | 8,200 | - |
| T.C. ZİRAAT BANKASI A.Ş. | 6,150 | 15,00 | 6,150 | - |
| TEKFENBANK A.Ş. | 4,473 | 10,91 | 4,473 | - |

(*) Reflects nominal amounts.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

III. Explanations and Footnotes Related to the Income Statement

There is no fundamental error for any groups or items related to the prior period. There is no change in accounting estimates in the current period.

The breakdown of other interest and non-interest income and expense accounts that exceed 10% of the related totals and that compose the 20% of the total are shown below.

YTL 5,541 (2004 – YTL 3,603) of other fees and commission receivables consist of YTL 4,771 (2004 – YTL 2,779) of commissions received from export letter of credits.

1. a. Information on interest income received from associates and subsidiaries: None.

b. Information on financial lease income: None.

c. Interest received from reverse repurchase agreement transactions: None.

d. Interest received from factoring agreements: None.

2. a. Information on interest expense to investments and subsidiaries:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest paid to associates and subsidiaries | 4 | 44 |

b. Information on financial lease expenses:

| | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Financial leasing expenses | 2 | 37 |

c. Distribution of interest expense on deposits based on maturity of deposits:

| Account Name | Time Deposits | | | | | | Total |
|-----------------------------------|-----------------|---------------|----------------|----------------|--------------|------------------|--------------|
| | Demand Deposits | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | More than 1 Year | |
| YTL | | | | | | | |
| Interbank deposits | - | 804 | - | - | - | - | 804 |
| Saving deposits | - | 46 | 19 | 10 | 4 | - | 79 |
| Public sector deposits | - | - | - | - | - | - | - |
| Commercial deposits | - | 20 | 4 | - | - | - | 24 |
| Other deposits | - | - | - | - | - | - | - |
| Deposits with 7 days notification | - | - | - | - | - | - | - |
| Precious metal deposits | - | - | - | - | - | - | - |
| Total YTL | - | 870 | 23 | 10 | 4 | - | 907 |
| FC | | | | | | | |
| Foreign currency deposits | - | 78 | 57 | 68 | 87 | - | 290 |
| Interbank deposits | - | 192 | - | - | - | - | 192 |
| Deposits with 7 days notification | - | - | - | - | - | - | - |
| Precious metal deposits | - | - | - | - | - | - | - |
| Total FC | - | 270 | 57 | 68 | 87 | - | 482 |
| Total | - | 1,140 | 80 | 78 | 91 | - | 1,389 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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d. Interest given to repurchase agreement transactions:

| | Current Period | | Prior Period | |
|--|----------------|----|--------------|----|
| | YTL | FC | YTL | FC |
| Interests given to repurchase agreement transactions | 120 | - | 177 | - |

e. Information about interest given to factoring payables: None.**3. Information on other operating income:**

Other operating income amounting to YTL 729 (2004 – YTL 1,189) consists of mainly YTL 76 (2004 – YTL 850) of prior period loan provisions which are reversed due to collections made, and the remaining amount consists of income received from sales of fixed assets, reversed provisions set for various expense accruals.

4. Provision expenses of Banks for loans and other receivables:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Specific provisions for loans and other receivables | 29 | 293 |
| III. Group | - | 2 |
| IV. Group | - | - |
| V. Group | 29 | 291 |
| General provision expenses | 383 | 212 |
| Provision expenses for possible losses | - | - |
| Foreign exchange differences on foreign currency losses (**) | - | - |
| Marketable securities impairment expense | - | - |
| Trading securities | - | - |
| Investment securities available for sale | - | - |
| Impairment provision expense* | 877 | 1,298 |
| Investment and Associates | - | - |
| Subsidiaries | - | - |
| Joint ventures | - | - |
| Investment securities held to maturity | 877 | 1,298 |
| Other | 1,438 | - |
| Total | 2,727 | 1,803 |

(*) Impairment provision expense relates to associates, subsidiaries and investment securities held-to-maturity.

(**) Foreign currency losses on foreign currency indexed loans amount to YTL 1,631 (2004 – YTL 2,000) and as a result of the change in Uniform Chart of Accounts is classified at the Other Operating Expenses account at the statement of income and is not subject to this table.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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5. a. Information related to other operational expenses:

| | Current Period | Prior Period |
|--|----------------|---------------|
| Personnel Expenses | 13,737 | 12,581 |
| Reserve for Employee Termination Benefits | 541 | 601 |
| Bank social aid provision fund deficit provision | - | - |
| Depreciation expenses of fixed assets | 1,269 | 1,305 |
| Amortization expenses of intangible assets | 155 | 141 |
| Other Operating Expenses | 2,827 | 2,720 |
| Maintenance Expenses | 259 | 261 |
| Advertisement Expenses | 101 | 116 |
| Other Expenses | 2,467 | 2,343 |
| Loss on sales of assets | - | - |
| Operational Leasing Expenses | 425 | 479 |
| Other | 2,873 | 3,023 |
| Total | 21,827 | 20,850 |

b. The nature and amount of expenses due to extraordinary items and tax effect of extraordinary items: None.**c.1. The income statement item in which goodwill amortization is included:** None.**c.2. A statement whether the negative goodwill, if any, is determined in accordance with principles identified in article 16 of the accounting standard on the Accounting for Mergers Takeovers of Banks and Acquisitions of Entities by Banks, the timing and amount of anticipated expenses and losses, the periods in which the negative goodwill will be recognized as income, and the income statement items in which this income is recorded:** None.**6. Income and Expenses from Affiliates and Subsidiaries:****a. The profit and losses from subsidiaries and affiliates:**

The Bank has received dividend income of YTL 3,500 (2004 – YTL 3,206) from its subsidiary A&T Finansal Kiralama A.Ş in the current period.

b. The profit or loss from affiliates accounted for under the equity method:

The Bank does not have any affiliate accounted for under equity method.

c. Income or expenses arising from the transaction with the Bank's own group:

The information on transactions with related parties is given in Section V – Disclosure on "Information and Disclosures Related to Bank's Own risk Group".

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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7. Information on Tax Provision

a. Explanations on current and deferred tax income or expense: As of December 31, 2005, the current tax expense is YTL 1,123 and deferred tax income is YTL 401.

b. Deferred tax income or expense on temporary differences, no carried forward tax losses or tax exemptions or deductions: As of December 31, 2005, the deferred tax income resulting from temporary differences is YTL 401.

c. Deferred tax income or loss reflected to statement of income resulting from tax losses and tax deductions and exceptions: None.

8. Information Related with Net Income/Loss for the Period:

a. Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for understanding the performance of the Bank in the current year:

None for the year ended December 31, 2005 and 2004.

b. The effect of the change in accounting estimates to the net profit/loss; including the effects on the future period, if any:

None for the year ended December 31, 2005 and 2004.

9. Nature and Amount of Changes in Accounting Estimates, which Materially Affect the Current Period and are Expected to Affect the Following Periods:

There are no changes in the accounting estimates of the Bank which materially affect the current period and are expected to affect the following periods.

IV. Explanations and Footnotes Related to the Off-balance Sheet Items

1. Disclosure to be made separately from other contingent liabilities:

a. Explanation related to all the matters explained below separately from other contingent liabilities:

a.1. Contingent liabilities arising from joint ventures and share in contingent liabilities together with other venturers:

The Bank has no interest in a joint venture.

a.2. Share in contingent liabilities of joint venture:

The Bank has no interest in a joint venture.

a.3. Bank's contingent liabilities arising from its responsibility due to the liabilities of other venturers in joint ventures:

The Bank has no interest in a joint venture.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

b. Accounting for contingent assets and liabilities, disclosure in the financial statements and possibility of realization of contingent liabilities: None.

b.1. Contingent assets, if the probability of the occurrence is virtually certain, are accounted for, but if the probability of the occurrence is high, disclosure is given in the notes:

The Bank has no contingent assets.

b.2. Contingent liabilities, if the probability of the occurrence is high and the liability can be reliably measured, a provision is booked, but if it cannot be measured reliably, they are disclosed in notes to the financial statements. Explanation, if the probability of the occurrence of the contingent liability is low or there is no such probability:

There are pending legal claims against the Bank with compensations amounting to total YTL 313. There is no provision provided for these claims since, the law-suits are still pending and the probability of occurrence of the liability can not be measured.

2. Explanation Related to Derivative Financial Instruments:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Types of trading transactions | | |
| Foreign currency related derivative transactions (I) | 13,497 | 1,348 |
| Forward FC transactions | - | - |
| FC swap transactions | 13,497 | 1,348 |
| Futures FC transactions | - | - |
| Option FC transactions | - | - |
| Total of interest derivative transactions (II) | - | - |
| Forward interest rate transactions | - | - |
| Interest rate swap transactions | - | - |
| Interest option transactions | - | - |
| Futures interest transactions | - | - |
| Other trading transactions (III) | - | - |
| A. Total trading derivative transactions (I+II+III) | 13,497 | 1,348 |
| Types of hedging transactions | - | - |
| Fair value hedges | - | - |
| Cash flow hedges | - | - |
| Hedges for FC investments in associates | - | - |
| B. Total hedging related derivatives | - | - |
| Types of trading transactions | 13,497 | 1,348 |

(1) Share change in convertible bonds

(2) Derivative transactions for fair value hedge

(3) Derivative transactions for cash flow hedge

(4) Derivative transactions related with total risk hedging

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible affects on the Bank's financial position, time of cash flow, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the fiscal year because of the agreements:

The derivative instruments performed as of December 31, 2005 are for protection against interest and foreign exchange variations and is not treated as an instrument for risk protection in accordance with AAR and followed by the fair value by the Bank.

3. Information on off-balance sheet liabilities:

a. Nature and amount of irrevocable loan commitments: None.

b. Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

b.1. Non-cash loans including guarantees, acceptances, financial collaterals and other letters of credits:

As of the date of balance sheet the total letter of credits are YTL 111,109.

b.2. Guarantees and similar transactions:

As of the date of balance sheet the total letter of guarantees are YTL 64,503.

4. Concentration of off-balance sheet commitments: Explained in Section V. Disclosure IV. Note 8.(a).

5. Non-cash loans:

a. Non-cash loans:

| | Current Period | Prior Period |
|---|----------------|----------------|
| Guarantees given against cash loans | 4,771 | 5,480 |
| With maturity of 1 year or less than 1 year | - | - |
| With maturity of more than 1 year | 4,771 | 5,480 |
| Other non-cash loans | 260,882 | 129,823 |
| Total | 265,653 | 135,303 |

b. Collateral, mortgage and other restrictions on fixed assets, the amount of capital expenditures related to the construction of fixed assets, fixed asset purchase commitments: None.

6. Custodian and intermediary services:

The Bank provides trading and custodian services in the name and account of third parties.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

7. Information on the Bank's rating by international rating institutions:

The credit note of the Bank is declared to be B by the international rating institution Fitch.

The details of the rating made by Fitch at August 29, 2005 are as follows:**Foreign currency**

| | |
|------------|--------|
| 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

| | |
|----------------|----------|
| Support | D |
|----------------|----------|

| | |
|-----------------------|----------|
| Sovereign Risk | 5 |
|-----------------------|----------|

| | |
|-------------------|--------|
| Foreign long-term | BB- |
| Local Long-term | BB- |
| Outlook | Stable |

8.a) Sector breakdown of non-cash loans:

| | Current Period | | | | Prior Period | | | |
|--------------------------------------|----------------|---------------|----------------|---------------|--------------|---------------|----------------|---------------|
| | YTL | (%) | FC | (%) | YTL | (%) | FC | (%) |
| Agricultural | - | - | - | - | - | - | - | - |
| Farming and raising livestock | - | - | - | - | - | - | - | - |
| Forestry | - | - | - | - | - | - | - | - |
| Fishing | - | - | - | - | - | - | - | - |
| Manufacturing | - | - | - | - | 2 | 0.03 | 3,306 | 2.56 |
| Mining | - | - | - | - | - | - | - | - |
| Production | - | - | - | - | 2 | 0.03 | 3,306 | 2.56 |
| Electric, gas and water | - | - | - | - | - | - | - | - |
| Construction | 120 | 2.06 | 17,797 | 6.85 | 84 | 1.35 | 16,450 | 12.74 |
| Services | 5,625 | 96.42 | 241,989 | 93.14 | 6,061 | 97.41 | 109,325 | 84.69 |
| Wholesale and retail trade | 4,706 | 80.67 | 15,863 | 6.11 | 4,879 | 78.42 | 26,848 | 20.80 |
| Hotel, food and beverage services | - | - | - | - | - | - | - | - |
| Transportation and telecommunication | - | - | 149 | 0.06 | - | - | 224 | 0.17 |
| Financial Institutions | 919 | 15.75 | 225,977 | 86.97 | 1,182 | 19.00 | 82,253 | 63.72 |
| Real estate and renting services | - | - | - | - | - | - | - | - |
| Professional services | - | - | - | - | - | - | - | - |
| Education services | - | - | - | - | - | - | - | - |
| Health and social services | - | - | - | - | - | - | - | - |
| Other | 89 | 1.53 | 33 | 0.01 | 75 | 1.21 | - | - |
| Total | 5,834 | 100.00 | 259,819 | 100.00 | 6,222 | 100.00 | 129,081 | 100.00 |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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b) Information about the 1st and 2nd group non-cash loans and other receivables including those that have been restructured or rescheduled:

| | 1 st Group | | 2 nd Group | |
|--------------------------|------------|---------|------------|----|
| | YTL | FC | YTL | FC |
| Non-cash loans | 5,834 | 259,819 | - | - |
| Letters of guarantee | 5,834 | 58,669 | - | - |
| Bank acceptances | - | - | - | - |
| Letters of credit | - | 111,109 | - | - |
| Endorsements | - | - | - | - |
| Underwriting commitments | - | - | - | - |
| Factoring commitments | - | 90,041 | - | - |

V- Explanations and Footnotes related to the Statement of Shareholders' Equity Movement**1. Explanations on the adjustments made in the current period related with the application of Accounting Standard on Financial Instruments:****a) Increase after revaluation of investments available for sale:** None.**b) Increase in cash flow risk hedging items:** None.**c) Reconciliation of beginning and ending balances of foreign exchange differences:** None.**2. Adjustments made in the current period regarding the application of Accounting Standard on Financial Instruments:** None.**3. Information on dividend:** None.**4. Amounts transferred to legal reserves:** YTL 283 (2004 – YTL 334)**5. Information on shares issued: The Bank explains the rights, priorities and restrictions regarding the capital share including distribution of income and repayment of the capital:** None.**6. Explanations on the other share capital items included in the Statement of changes in Shareholders' Equity:**

In accordance with the decision of General Meeting dated March 24, 2005, the Bank has increased the paid-in-capital as YTL 12,000, YTL 6,000 of which is transferred from accumulated profits and YTL 6,000 from inflation adjustment on paid-in-share capital.

VI. Footnotes And Explanations Related to Statement of Cash Flows**1. The effects of the other items stated in the statement of cash flows and the changes in foreign currency exchange rates on cash and cash equivalents:**

The "Other" item of YTL 6,090 in the "Operating profit before changes in operating assets and liabilities" consists of YTL 170 from fees and commissions paid, YTL 3,590 from non-interest expenses and YTL 2,330 from various operational expenses.

The "Net increase (decrease) in other liabilities" item of YTL 1,299 in the "Changes in operating assets and liabilities" consists of YTL 1,700 decrease in miscellaneous payables account, YTL 414 increase in other external resources account, YTL 24 decrease in taxes and other duties payable account, and YTL 11 foreign currency exchange difference in the subordinated loans account. "Net increase (decrease) in other assets" item consists of YTL 692 decrease in the reserve deposits account, YTL 7 increase in miscellaneous receivables account and YTL 7 increase in other assets account.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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The effect of changes in foreign currencies on the cash and cash equivalent assets are reflected in the net foreign currency gain/loss account. The related foreign currency gain/loss amount has been shown in "Operating profit before changes in operating assets and liabilities" account under "Other" item.

2. Information on cash flows arising from acquisition of associates, subsidiaries and other investments:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Cash and cash equivalents (+) | - | 2,137 |
| Loans given(+) | - | - |
| Other assets (+) | - | - |
| Funds provided from other financial institutions (-) | - | - |
| Other liabilities (-) | - | - |
| Goodwill (+) | - | - |
| Total purchase price (+) (1) | - | 2,137 |
| Foreign exchange income (-) (2) | - | - |
| Purchase cost (3) (1-2) | - | 2,137 |
| Total cash and cash equivalents at the acquisition (-) (4) | - | - |
| Cash out-flow due to acquisition (5) (3+4) | - | 2,137 |

3. Information on disposals of associates, subsidiaries or other investments: None.

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

The components of cash and cash equivalents balances and the accounting policy applied to define these components, changes in the accounting policies in the current period, and reconciliation of components of cash and cash equivalents balances at the balance sheet and statement of cash flow:

Cash and cash equivalents are determined in accordance with the provisions of Communiqué No:16 "Accounting Standard on Statement of Cash Flow".

In the current period sort term placements to banks are accepted as cash equivalents and certain reclassifications are done at the statement of cash flow and related notes of prior period for the purpose of consistency with current year.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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a) Cash and cash equivalents at the beginning of the period:

| | Current Period | Prior Period |
|-----------------------|----------------|--------------|
| Cash | 1,151 | 1,112 |
| Money market balances | 7,311 | 6,356 |
| Central Bank balances | 84 | 203 |
| Placements to banks | 3,019 | 6,121 |

b) Cash and cash equivalents at the end of the period:

| | Current Period | Prior Period |
|-----------------------|----------------|--------------|
| Cash | 1,151 | 1,151 |
| Money market balances | - | 7,311 |
| Central Bank balances | 7,054 | 84 |
| Placements to banks | 12,717 | 3,019 |

5. Amount of cash and cash equivalents restricted for the usage of the Bank by legal limitations and other reasons: None.**6. a. Restrictions on the amount of unused borrowing facilities that can be used in funding banking operations and fulfillment of capital obligations and limitations related to these, if any:** None.**b. The share of the Bank in banking, investment and financing operations of the joint ventures that are consolidated on a pro-rata basis:** Not applicable.**c. Total cash flows required to increase the capacity of banking operations, apart from the required cash flows for maintaining current banking operation capacity:** None.**VII. Explanation And Footnotes Related To Mergers And Acquisitions:** None.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

VIII. Explanations And Footnotes For Related Party Transactions:**1. Information on the volume of transaction relating to the bank's risk group, ongoing loan and deposit transactions and period's profit and loss:****a. Current period:**

| Bank's Risk Group* | Associates and subsidiaries | | Direct and indirect shareholders of the Bank | | Other real and corporate parties that have been included in the 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 | - | - | - |

b. Prior period:

| Bank's Risk Group* | Associates and subsidiaries | | Direct and indirect shareholders of the Bank | | Other real and corporate parties that have been included in the risk group | |
|---|-----------------------------|----------|--|----------|--|----------|
| | Cash | Non cash | Cash | Non cash | Cash | Non cash |
| Loans and other receivables | | | | | | |
| Balance at the beginning of the period | - | 6,068 | 1,563 | 26,922 | - | - |
| Balance at the end of the period | - | 5,572 | 1,825 | 17,839 | - | - |
| Interest and commission income received | - | 26 | 22 | - | - | - |

c.1. Information on deposits held by the Bank's risk group:

| Bank's Risk Group* | Associates and subsidiaries | | Direct and indirect shareholders of the Bank | | Other real and corporate parties that have been included in the risk group | |
|--|-----------------------------|--------------|--|--------------|--|--------------|
| | Current period | Prior period | Current period | Prior period | Current period | Prior period |
| Deposits | | | | | | |
| Balance at the beginning of the period | 887 | 7 | 6,220 | 5,053 | - | - |
| Balance at the end of the period | 69 | 887 | 699 | 6,220 | - | - |
| Interest on deposits | 2 | 44 | 37 | 415 | - | - |

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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c.2. Information on forward and option agreements and other similar agreements made with the Bank's risk group:

| Bank's Risk Group* | Associates and subsidiaries | | Direct and indirect shareholders of the Bank | | Other real and corporate parties that have been included in the risk group | |
|-----------------------------------|-----------------------------|--------------|--|--------------|--|--------------|
| | Current period | Prior period | Current period | Prior period | Current period | Prior period |
| Deposits | | | | | | |
| Transactions for trading purposes | | | | | | |
| Beginning of the period | - | - | 1,348 | - | - | - |
| End of the period | - | - | - | 1,348 | - | - |
| Total income/loss | - | - | - | - | - | - |
| Transactions for hedging purposes | | | | | | |
| Beginning of the period | - | - | - | - | - | - |
| End of the period | - | - | - | - | - | - |
| Total income/loss | - | - | - | - | - | - |

(*) Defined in the 20th Article of the "Regulation on the Establishment and Operations of Banks". Amounts for prior period reflect the amounts of risk group formed by all shareholders of the Bank. However, in accordance with the declaration of BRSA dated April 27, 2005 numbered 126.01/3953, the amounts for current period reflects balances with the risk group of major shareholder of the Bank only.

2. Disclosures for related parties**a. The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:**

The Bank owns 99.98% of A&T Finansal Kiralama A.Ş. and performs all of the financial leasing activities through this subsidiary.

b. In addition to the relations, types of the transactions, their amount and their share in total volume, the amounts of major balances and their proportion in the total, pricing policy and other issues:

| | Risk Group | Total | Share (%) |
|---------------------|------------|---------|-----------|
| Balances with Banks | 229 | 12,728 | 1.80 |
| Cash Loans | 174 | 86,298 | 0.20 |
| Non Cash Loans | 21,980 | 269,653 | 8.15 |
| Deposits | 768 | 70,509 | 1.09 |
| Subordinated loans | 16,116 | 16,116 | 100.00 |
| Borrowings | 150,663 | 153,174 | 98.36 |

The Bank prices the transactions with risk group convenient to the current market conditions at the moment.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

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c. Except for the instances that require separate explanations about their effects in the financial statements, information for similar transactions:

Explained in note b. above

d. Transactions accounted for under the equity method:

There is no transaction accounted for under the equity method.

e. Trading of property and other assets, services performed, agency agreements, leasing contracts, transferring the know-how, licensing agreements, financing (including loans and cash capital and capital in kind contributions), guarantees, commitments and management agreements:

Explained in note i.a. above.

IX. Explanations And Footnotes Related With Inflation Accounting

Inflation accounting

The financial statements originally prepared under the historical cost convention are restated in line with the provisions of AAR 14 "Accounting Standard Related to the Preparation of Financial Statements in Hyperinflationary Periods" as of December 31, 2004. AAR 14 requires banks to restate their financials in the equivalent purchasing power of Turkish Lira at the balance sheet date. AAR 14 deals with the effect of inflation on financial statements prepared in highly inflationary economies. There are certain criteria prescribed by AAR 14 in order to define an economy as highly inflationary, one of which is the cumulative inflation rate over three years approaching, or exceeding 100% and current year inflation rate to exceed 10%. As of December 31, 2005, the three year cumulative rate in Turkey has been 35.6%, based on the wholesale price indices as published by the Turkish State Institute of Statistics. In accordance with the declaration of BRSA numbered 1623 and dated April 21, 2005, banks are not required to apply in their financial statements AAR 14 "Accounting Standard on Financial Statements at Hyperinflation Periods" since the indicators defined in Article 5 of the Communiqué are not deemed to be applicable. Accordingly starting from January 1, 2005 inflation accounting has not been applied and prior period financial statements are presented in the equivalent purchasing power at December 31, 2004.

AAR 14 requires that financial statements prepared in highly inflationary economies be stated in terms of the measuring unit current at the balance sheet date and corresponding figures for previous periods be restated in the same terms.

The main guidelines for the restatement are as follows:

Cash and monetary assets and liabilities, which maintain their nominal balances but experience a decline in purchasing power are not restated because they are already expressed in terms of the measuring unit current at that balance sheet date.

Non-monetary asset and liabilities and components of equity (except for revaluation adjustment which is eliminated) which are not expressed in terms of the measuring unit current at the balance sheet dates are restated by applying a general price index. Cash proceeds in share capital increases are restated based on collection dates whereas increases through revaluation fund are eliminated. Share capital increases made through the transfer of retained earnings, income generated through the sales of properties and of associates and subsidiaries and unappropriated profits are considered as cash injections made by the shareholders and are restated based on the date of transfer to the share capital.

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Non-monetary items which are subject to depreciation are restated after eliminating the related revaluation effects. Since depreciation is computed over restated amounts, the charge in the income statements is not subject to restatement.

Non-monetary items which are stated at market prices are not restated since they are already expressed in terms of the measuring unit current at the balance sheet date.

The cost of subsidiaries and associates, which are stated at Turkish Lira and do not have market values, are restated based on payment dates after eliminating the bonus shares obtained through share capital increase made by transfer of revaluation funds of subsidiaries and associates. Foreign currency associates and subsidiaries are stated with the Turkish Lira exchange rates prevailing at the balance sheet date.

All items in the statement of income are restated by applying the relevant average conversion factors on accrual dates.

The gain or loss on net monetary position is included in the income statement as gain/loss on net monetary position. Prior year effects of inflation accounting are reflected in the accumulated deficit and restatement effect of paid-in capital is stated as a separate line item under equity.

Wholesale prices indices and conversion factors announced by the State Institute of Statistics used to restate the financial statements as of December 31, 2004 are as follows:

| | Index | Conversion factor |
|-------------------|---------|-------------------|
| December 31, 2001 | 4,951.7 | 1.697 |
| December 31, 2002 | 6,478.8 | 1.297 |
| December 31, 2003 | 7,382.1 | 1.138 |
| December 31, 2004 | 8,403.8 | 1.000 |

Restatement of balance sheet and income statement items through the use of a general price index and relevant conversion factors does not necessarily mean that the Bank could realize or settle the same values of assets and liabilities as indicated in the balance sheets. Similarly, it does not necessarily mean that the Bank could return or settle the same values of equity to its shareholders.

Information regarding the assets subject to depreciation, the information on the depreciation computations made in line with related regulations and the inflation adjusted amounts, the useful lives of the assets and the expertise values for the determination of fair values:

In accordance with AAR 14, the Bank obtains expertise reports for its properties considering the materiality.

Paid-in nominal capital in the legal books of the Bank is YTL 41,000 and capital reserves arising from the inflation adjustment is YTL 233,093 resulting a total inflationary adjusted capital of YTL 274,093 as of the balance sheet date. As referred to in the above paragraph, YTL 200,089 of this reserve has been offset against the accumulated losses and the balance remained as YTL 33,004 reflects the adjustment to paid-in-capital account.

Legal reserves per statutory records are YTL 1,726 where as the inflation adjusted legal reserves of the Bank are YTL 23,271 as of the balance sheet date. The inflation adjusted balance of legal reserves transferred from the previous years, which is YTL 22,490 has been offset against the accumulated losses. Legal reserves of YTL 781 remaining on the accompanying financial statements as at the balance sheet date are the amount transferred to legal reserves from 2002, 2003 and 2004 profit.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

Inflation adjusted extraordinary reserves amounting to YTL 2,879 (YTL 65 per Bank's statutory records) have been offset against the accumulated losses.

The income statement items do not have seasonality. However, indexing of profit and loss statements is done by multiplying monthly profit and loss figures with the related periods' conversion factors.

X. The Information On The Bank's Domestic, Foreign, Off-Shore Branches And Foreign Representatives

Information relating to the domestic, foreign offshore branches and foreign representations of the Bank:

| | Number | Number of Employees | Country of incorporation | | |
|-----------------------------------|--------|---------------------|--------------------------|--------------|-------------------------|
| Domestic Branch | 3 | 184 | | | |
| Foreign representation | - | - | - | | |
| | | | | Total Assets | Statutory share capital |
| Foreign branch | - | - | - | - | - |
| Off-shore banking region branches | - | - | - | - | - |

XI. Footnotes And Explanations Related To Subsequent Events:**a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard of "Accounting Standard on Subsequent events After Balance Sheet Date":**

Effective from January 1, 2006 retirement pay liability ceiling is increased to YTL 1,770.62 (full YTL).

b) Significant Changes in the Foreign Exchange Rates after the Balance Sheet Date which may Affect the Users of the Financial Statements during the Analysis of the Financial Position and Effect the Bank's Foreign Operations:

As explained in the Section Four Footnote V, the net foreign currency position of the Bank is low. Therefore the changes in the foreign currency Exchange rates do not have a significant impact on the financial position of the Bank.

ARAP TÜRK BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (Continued)

(Currency – Thousands of YTL)

SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

I. Other explanations regarding the operations of the Bank

Matters required to be disclosed due to having a significant effect on the financial statements or for the purpose of classification of the balance sheet:
None.

SECTION SEVEN

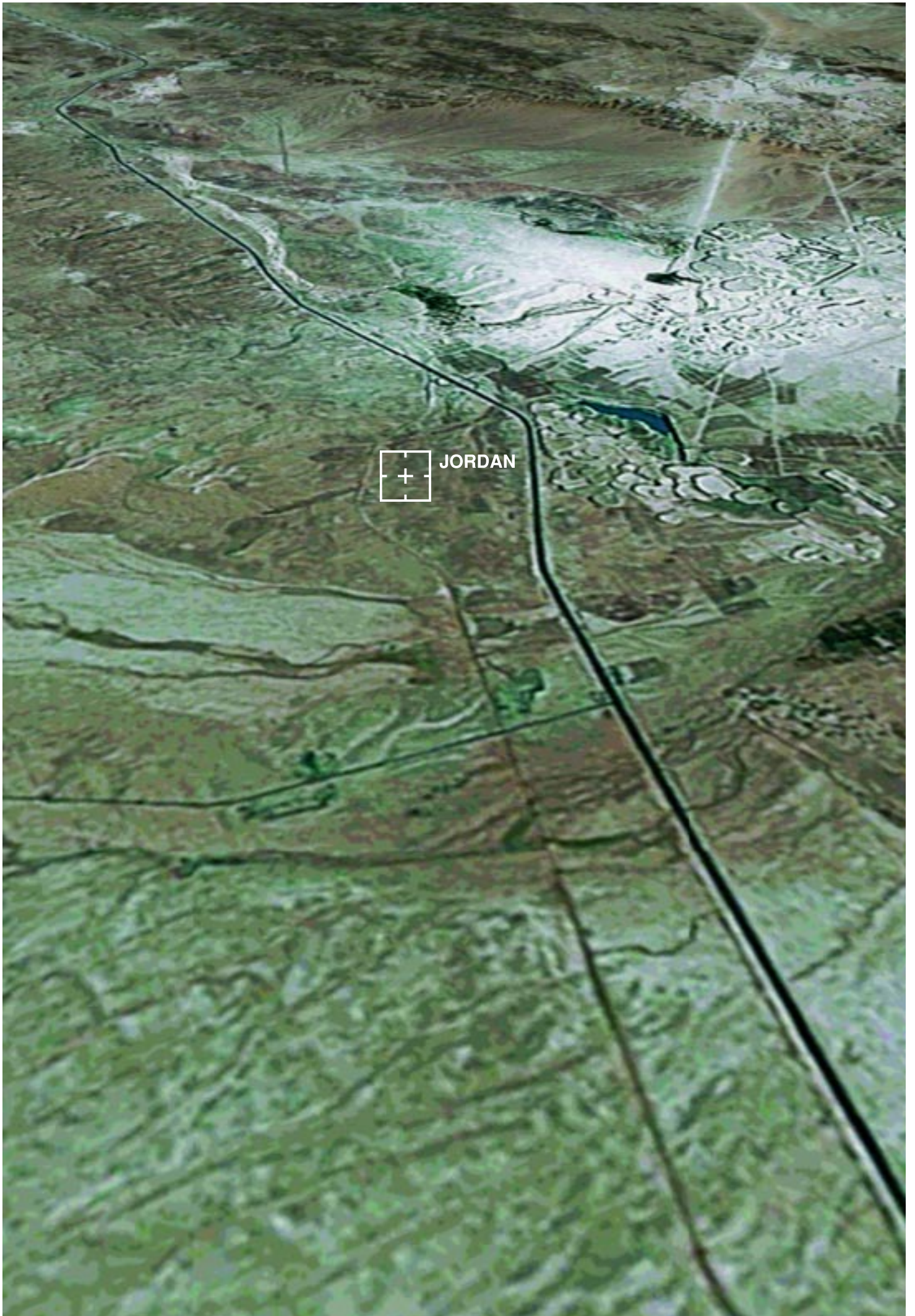
EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. Explanations to the Independent Auditors' Report:

The financial statements of the Bank for the period between January 1 – December 31, 2005 were audited by Güney Serbest Muhasebeci Mali Müşavirlik A.Ş. (An Affiliated Firm of Ernst &Young International).

Independent audit report dated January 27, 2006 is presented preceding the financial statements and related disclosures to financial statements.

II. Explanations and Notes Prepared by the Independent Auditors: None.



ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2005
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
(CONVENIENCE TRANSLATION OF A REPORT AND
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

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

ARAP TÜRK BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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

We were engaged to audit the consolidated balance sheet of Arap Türk Bankası Anonim Şirketi (the Bank) and its subsidiary AGT Finansal Kiralama Anonim Şirketi as of December 31, 2005 and the related consolidated statement of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to express an opinion on these financial statements based on our audit.

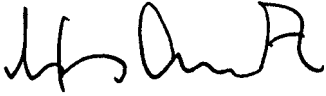
We conducted our audit in accordance with the auditing standards which were determined under the provisions of Banking Law number 5411. These standards require that the audit should be planned and performed to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Arap Türk Bankası Anonim Şirketi and its subsidiary as of December 31, 2005 and the results of the operations and cash flows for the year then ended in accordance with the Article 37 of the Banking Law number 5411 and the accounting principles and standards that are based on the temporary Article 1 of the Banking Law.

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board. The effects of the differences between these accounting principles and accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS.

Güney Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
An Affiliated Firm of Ernst & Young International



Müşfik Cantekinler, SMMM
Engagement Partner

January 27, 2006
Istanbul, Turkey

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004

(Currency-Thousands of New Turkish Lira (YTL))

| ASSETS | Audited December 31, 2005 | | | Audited December 31, 2004 | | |
|---|------------------------------|----------------|----------------|------------------------------|----------------|----------------|
| | YTL | FC | Total | YTL | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY | 429 | 7,776 | 8,205 | 213 | 1,022 | 1,235 |
| 1.1. Cash | 57 | - | 57 | 138 | - | 138 |
| 1.2. Foreign currency | - | 1,094 | 1,094 | - | 865 | 865 |
| 1.3. Balances with the Central Bank of Turkey | 372 | 6,682 | 7,054 | 75 | 9 | 84 |
| 1.4. Other | - | - | - | - | 148 | 148 |
| II. TRADING SECURITIES (Net) | 36,814 | 65,816 | 102,630 | 12,980 | 21,687 | 34,667 |
| 2.1. Public sector debt securities | 36,814 | 60,016 | 96,830 | 12,980 | 21,687 | 34,667 |
| 2.1.1. Government bonds | 36,814 | 60,016 | 96,830 | 12,980 | 21,687 | 34,667 |
| 2.1.2. Treasury bills | - | - | - | - | - | - |
| 2.1.3. Other public sector debt securities | - | - | - | - | - | - |
| 2.2. Share certificates | - | - | - | - | - | - |
| 2.3. Other marketable securities | - | 5,800 | 5,800 | - | - | - |
| III. BANKS AND OTHER FINANCIAL INSTITUTIONS | 15,445 | 17,365 | 32,810 | 13,384 | 13,248 | 26,632 |
| 3.1. Due from banks | 15,445 | 17,365 | 32,810 | 13,384 | 13,248 | 26,632 |
| 3.1.1. Domestic banks | 15,445 | 15,797 | 31,242 | 13,384 | 9,769 | 23,153 |
| 3.1.2. Foreign banks | - | 1,568 | 1,568 | - | 3,479 | 3,479 |
| 3.1.3. Branches and offices abroad | - | - | - | - | - | - |
| 3.2. Other financial institutions | - | - | - | - | - | - |
| IV. MONEY MARKET SECURITIES | - | - | - | 600 | 6,711 | 7,311 |
| 4.1. Interbank money market placements | - | - | - | 600 | 6,711 | 7,311 |
| 4.2. Istanbul Stock Exchange money market placements | - | - | - | - | - | - |
| 4.3. Receivables from reverse repurchase agreements | - | - | - | - | - | - |
| V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net) | 131 | 755 | 886 | 131 | 755 | 886 |
| 5.1. Share certificates | - | - | - | - | - | - |
| 5.2. Other marketable securities | 131 | 755 | 886 | 131 | 755 | 886 |
| VI. LOANS | 58,935 | 27,363 | 86,298 | 45,882 | 24,200 | 70,082 |
| 6.1. Short term | 49,405 | 27,363 | 76,768 | 32,366 | 24,200 | 56,566 |
| 6.2. Medium and long term | 9,530 | - | 9,530 | 13,510 | - | 13,510 |
| 6.3. Loans under follow-up | 7,492 | - | 7,492 | 10,843 | - | 10,843 |
| 6.4. Specific provisions (-) | 7,492 | - | 7,492 | 10,837 | - | 10,837 |
| VII. FACTORING RECEIVABLES | - | - | - | - | - | - |
| VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net) | 4,020 | 74,138 | 78,158 | 8,342 | 131,140 | 139,482 |
| 8.1. Public sector debt securities | 4,020 | 49,388 | 53,408 | 8,342 | 131,140 | 139,482 |
| 8.1.1. Government bonds | 4,020 | 49,388 | 53,408 | 8,342 | 131,140 | 139,482 |
| 8.1.2. Treasury bills | - | - | - | - | - | - |
| 8.1.3. Other public sector debt securities | - | - | - | - | - | - |
| 8.2. Other marketable securities | - | 24,750 | 24,750 | - | - | - |
| IX. INVESTMENTS AND ASSOCIATES (Net) | - | - | - | - | - | - |
| 9.1. Financial investments and associates | - | - | - | - | - | - |
| 9.2. Non-Financial investments and associates | - | - | - | - | - | - |
| X. SUBSIDIARIES (Net) | - | - | - | - | - | - |
| 10.1. Financial subsidiaries | - | - | - | - | - | - |
| 10.2. Non-Financial subsidiaries | - | - | - | - | - | - |
| XI. INVESTMENTS (Net) | - | - | - | - | - | - |
| XII. FINANCE LEASE RECEIVABLES (Net) | 4,748 | 41,293 | 46,041 | 2,006 | 31,668 | 33,674 |
| 12.1. Gross finance lease receivables | 6,599 | 46,428 | 53,027 | 2,709 | 35,261 | 37,970 |
| 12.2. Unearned income (-) | 1,851 | 5,135 | 6,986 | 703 | 3,593 | 4,296 |
| XIII. RESERVE DEPOSITS | - | 17,658 | 17,658 | 70 | 18,280 | 18,350 |
| XIV. MISCELLANEOUS RECEIVABLES | 5 | 181 | 186 | 2 | 177 | 179 |
| XV. ACCRUED INTEREST AND INCOME RECEIVABLE | 5,474 | 2,710 | 8,184 | 5,577 | 4,211 | 9,788 |
| 15.1. Loans | 644 | 276 | 920 | 659 | 194 | 853 |
| 15.2. Marketable securities | 4,210 | 1,978 | 6,188 | 4,492 | 3,708 | 8,200 |
| 15.3. Other | 620 | 456 | 1,076 | 426 | 309 | 735 |
| XVI. PROPERTY AND EQUIPMENT (Net) | 23,510 | - | 23,510 | 24,786 | - | 24,786 |
| 16.1. Book value | 38,578 | - | 38,578 | 38,616 | - | 38,616 |
| 16.2. Accumulated Depreciation (-) | 15,068 | - | 15,068 | 13,830 | - | 13,830 |
| XVII. INTANGIBLE ASSETS [Net] | 442 | - | 442 | 411 | - | 411 |
| 17.1. Goodwill | - | - | - | - | - | - |
| 17.2. Other | 2,493 | - | 2,493 | 2,307 | - | 2,307 |
| 17.3. Accumulated Amortisation (-) | 2,051 | - | 2,051 | 1,896 | - | 1,896 |
| XIIIIV. DEFERRED TAX ASSETS | 9,409 | - | 9,409 | 5,557 | - | 5,557 |
| XIX. OTHER ASSETS | 2,573 | 915 | 3,488 | 3,417 | 1,171 | 4,588 |
| TOTAL ASSETS | 161,935 | 255,970 | 417,905 | 123,358 | 254,270 | 377,628 |

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004

(Currency-Thousands of New Turkish Lira (YTL))

ARAB TURKISH BANK 2005 ANNUAL REPORT

| LIABILITIES | YTL | Audited December 31, 2005 | | YTL | Audited December 31, 2004 | |
|---|----------------|------------------------------|----------------|---------------|------------------------------|----------------|
| | | FC | Total | | FC | Total |
| I. DEPOSITS | 5,329 | 65,111 | 70,440 | 1,203 | 42,684 | 43,887 |
| 1.1. Interbank deposits | 3,900 | 32,787 | 36,687 | - | 10,691 | 10,691 |
| 1.2. Saving deposits | 652 | - | 652 | 652 | - | 652 |
| 1.3. Public sector deposits | - | - | - | - | - | - |
| 1.4. Commercial deposits | 543 | - | 543 | 333 | - | 333 |
| 1.5. Other institutions deposits | 234 | - | 234 | 218 | - | 218 |
| 1.6. Foreign currency deposits | - | 32,324 | 32,324 | - | 31,993 | 31,993 |
| 1.7. Precious metals deposits | - | - | - | - | - | - |
| II. INTERBANK MONEY MARKET | 29,336 | - | 29,336 | 3,517 | - | 3,517 |
| 2.1. Interbank money market takings | - | - | - | - | - | - |
| 2.2. Istanbul Stock Exchange money market takings | 20,000 | - | 20,000 | 2,900 | - | 2,900 |
| 2.3. Funds provided under repurchase agreements | 9,336 | - | 9,336 | 617 | - | 617 |
| III. FUNDS BORROWED | 523 | 198,369 | 198,892 | 215 | 220,871 | 221,086 |
| 3.1. Funds borrowed from the Central Bank of Turkey | - | - | - | - | - | - |
| 3.2. Other funds borrowed | 523 | 198,369 | 198,892 | 215 | 220,871 | 221,086 |
| 3.2.1. Domestic banks and institutions | 523 | 1,988 | 2,511 | 215 | 1,352 | 1,567 |
| 3.2.2. Foreign banks, institutions and funds | - | 196,381 | 196,381 | - | 219,519 | 219,519 |
| IV. MARKETABLE SECURITIES ISSUED (Net) | - | - | - | - | - | - |
| 4.1. Bills | - | - | - | - | - | - |
| 4.2. Asset backed securities | - | - | - | - | - | - |
| 4.3. Bonds | - | - | - | - | - | - |
| V. FUNDS | - | - | - | - | - | - |
| VI. MISCELLANEOUS PAYABLES | 12 | 2,494 | 2,506 | 93 | 4,113 | 4,206 |
| VII. OTHER EXTERNAL RESOURCES | 470 | 2,526 | 2,996 | 174 | 821 | 995 |
| VIII. TAXES AND OTHER DUTIES PAYABLE | 615 | - | 615 | 626 | - | 626 |
| IX. FACTORING PAYABLES | - | - | - | - | - | - |
| X. FINANCE LEASE PAYABLES (Net) | - | - | - | - | - | - |
| 10.1. Finance Leasing Payables | - | - | - | - | - | - |
| 10.2. Deferred finance leasing expenses (-) | - | - | - | - | - | - |
| XI. ACCRUED INTEREST AND EXPENSES PAYABLE | 217 | 874 | 1,091 | 183 | 775 | 958 |
| 11.1. Deposits | 11 | 90 | 101 | 9 | 93 | 102 |
| 11.2. Borrowings | 7 | 784 | 791 | 3 | 682 | 685 |
| 11.3. Repurchase agreements | 8 | - | 8 | - | - | - |
| 11.4. Other | 191 | - | 191 | 171 | - | 171 |
| XII. PROVISIONS | 6,330 | 162 | 6,492 | 5,208 | 29 | 5,237 |
| 12.1. General provisions | 1,002 | - | 1,002 | 619 | - | 619 |
| 12.2. Reserve for employee termination benefits | 2,886 | - | 2,886 | 2,653 | - | 2,653 |
| 12.3. Provisions for income taxes | 1,123 | - | 1,123 | 1,923 | - | 1,923 |
| 12.4. Insurance technical reserves (Net) | - | - | - | - | - | - |
| 12.5. Other provisions | 1,319 | 162 | 1,481 | 13 | 29 | 42 |
| XIII. SUBORDINATED LOANS | - | 16,116 | 16,116 | - | 16,105 | 16,105 |
| XIV. MINORITY INTEREST | - | - | - | - | - | - |
| XV. DEFERRED TAX LIABILITIES | - | - | - | - | - | - |
| XVI. SHAREHOLDERS' EQUITY | 89,421 | - | 89,421 | 81,011 | - | 81,011 |
| 16.1. Paid-in capital | 41,000 | - | 41,000 | 29,000 | - | 29,000 |
| 16.2. Supplementary capital | 33,004 | - | 33,004 | 39,004 | - | 39,004 |
| 16.2.1. Share premium | - | - | - | - | - | - |
| 16.2.2. Share cancellation profits | - | - | - | - | - | - |
| 16.2.3. Marketable securities value increase fund | - | - | - | - | - | - |
| 16.2.4. Revaluation fund | - | - | - | - | - | - |
| 16.2.5. Value increase in revaluation fund | - | - | - | - | - | - |
| 16.2.6. Other capital reserves | 33,004 | - | 33,004 | 39,004 | - | 39,004 |
| 16.2.7. Adjustment to paid-in capital | - | - | - | - | - | - |
| 16.3. Profit reserves | 2,383 | - | 2,383 | 1,892 | - | 1,892 |
| 16.3.1. Legal reserves | 1,416 | - | 1,416 | 925 | - | 925 |
| 16.3.2. Status reserves | - | - | - | - | - | - |
| 16.3.3. Extraordinary reserves | 967 | - | 967 | 967 | - | 967 |
| 16.3.4. Other profit reserves | - | - | - | - | - | - |
| 16.4. Profit or loss | 13,034 | - | 13,034 | 11,115 | - | 11,115 |
| 16.4.1. Prior year income/loss | 4,624 | - | 4,624 | 2,215 | - | 2,215 |
| 16.4.1.1. Group's share | 4,624 | - | 4,624 | 2,215 | - | 2,215 |
| 16.4.1.2. Minority shares | - | - | - | - | - | - |
| 16.4.2. Current year income/loss | 8,410 | - | 8,410 | 8,900 | - | 8,900 |
| 16.4.2.1. Group's share | 8,410 | - | 8,410 | 8,900 | - | 8,900 |
| 16.4.2.2. Minority shares | - | - | - | - | - | - |
| TOTAL LIABILITIES | 132,253 | 285,652 | 417,905 | 92,230 | 285,398 | 377,628 |

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENTS OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES AS OF DECEMBER 31, 2005 AND 2004

(Currency-Thousands of New Turkish Lira (YTL))

| | Audited December 31, 2005 | | | Audited December 31, 2004 | | |
|---|------------------------------|----------------|----------------|------------------------------|----------------|----------------|
| | YTL | FC | Total | YTL | FC | Total |
| A. OFF BALANCE SHEET COMMITMENTS | 7,629 | 294,011 | 301,640 | 7,535 | 151,096 | 158,631 |
| I. GUARANTEES AND WARRANTIES | 5,743 | 255,048 | 260,791 | 6,612 | 149,748 | 156,360 |
| 1.1. Letters of guarantee | 5,743 | 53,898 | 59,641 | 6,612 | 85,287 | 91,899 |
| 1.1.1. Guarantees subject to State Tender Law | 4,628 | 815 | 5,443 | 4,017 | 80 | 4,097 |
| 1.1.2. Guarantees given for foreign trade operations | 473 | 39,505 | 39,978 | 1,167 | 43,950 | 45,117 |
| 1.1.3. Other letters of guarantee | 642 | 13,578 | 14,220 | 1,428 | 41,257 | 42,685 |
| 1.2. Bank acceptances | - | - | - | - | - | - |
| 1.2.1. Import letter of acceptance | - | - | - | - | - | - |
| 1.2.2. Other bank acceptances | - | - | - | - | - | - |
| 1.3. Letters of credit | - | 111,109 | 111,109 | - | 64,461 | 64,461 |
| 1.3.1. Documentary letters of credit | - | 670 | 670 | - | 11,340 | 11,340 |
| 1.3.2. Other letters of credit | - | 110,439 | 110,439 | - | 53,121 | 53,121 |
| 1.4. Prefinancing given as guarantee | - | - | - | - | - | - |
| 1.5. Endorsements | - | - | - | - | - | - |
| 1.5.1. Endorsements to the Central Bank of Turkey | - | - | - | - | - | - |
| 1.5.2. Other endorsements | - | - | - | - | - | - |
| 1.6. Securities issue purchase guarantees | - | - | - | - | - | - |
| 1.7. Factoring guarantees | - | - | - | - | - | - |
| 1.8. Other guarantees | - | 90,041 | 90,041 | - | - | - |
| 1.9. Other warranties | - | - | - | - | - | - |
| II. COMMITMENTS | 1,886 | 25,466 | 27,352 | 923 | - | 923 |
| 2.1. Irrevocable commitments | 1,886 | 25,466 | 27,352 | 923 | - | 923 |
| 2.1.1. Asset purchase commitments | - | - | - | - | - | - |
| 2.1.2. Deposit purchase and sales commitments | - | - | - | - | - | - |
| 2.1.3. Share capital commitment to associates and subsidiaries | - | - | - | - | - | - |
| 2.1.4. Loan granting commitments | - | - | - | - | - | - |
| 2.1.5. Securities issue brokerage commitments | - | - | - | - | - | - |
| 2.1.6. Commitments for reserve deposit requirements | - | - | - | - | - | - |
| 2.1.7. Payment commitments for checks | - | - | - | - | - | - |
| 2.1.8. Tax and fund liabilities from export commitments | - | - | - | - | - | - |
| 2.1.9. Commitments for credit card expenditure limits | - | - | - | - | - | - |
| 2.1.10. Receivables from short sale commitments | - | - | - | - | - | - |
| 2.1.11. Payables for short sale commitments | - | - | - | - | - | - |
| 2.1.12. Other irrevocable commitments | 1,886 | 25,466 | 27,352 | 923 | - | 923 |
| 2.2. Revocable commitments | - | - | - | - | - | - |
| 2.2.1. Revocable loan granting commitments | - | - | - | - | - | - |
| 2.2.2. Other revocable commitments | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | - | 13,497 | 13,497 | - | 1,348 | 1,348 |
| 3.1. Forward foreign currency buy/sell transactions | - | - | - | - | - | - |
| 3.1.1. Forward foreign currency transactions-buy | - | - | - | - | - | - |
| 3.1.2. Forward foreign currency transactions-sell | - | - | - | - | - | - |
| 3.2. Swap transactions related to foreign currency and interest rates | - | 13,497 | 13,497 | - | 1,348 | 1,348 |
| 3.2.1. Foreign currency swap-buy | - | 6,782 | 6,782 | - | 677 | 677 |
| 3.2.2. Foreign currency swap-sell | - | 6,715 | 6,715 | - | 671 | 671 |
| 3.2.3. Interest rate swaps-buy | - | - | - | - | - | - |
| 3.2.4. Interest rate swaps-sell | - | - | - | - | - | - |
| 3.3. Foreign currency, interest rate and security options | - | - | - | - | - | - |
| 3.3.1. Foreign currency options-buy | - | - | - | - | - | - |
| 3.3.2. Foreign currency options-sell | - | - | - | - | - | - |
| 3.3.3. Interest rate options-buy | - | - | - | - | - | - |
| 3.3.4. Interest rate options-sell | - | - | - | - | - | - |
| 3.3.5. Securities options-buy | - | - | - | - | - | - |
| 3.3.6. Securities options-sell | - | - | - | - | - | - |
| 3.4. Foreign currency futures | - | - | - | - | - | - |
| 3.4.1. Foreign currency futures-buy | - | - | - | - | - | - |
| 3.4.2. Foreign currency futures-sell | - | - | - | - | - | - |
| 3.5. Interest rate futures | - | - | - | - | - | - |
| 3.5.1. Interest rate futures-buy | - | - | - | - | - | - |
| 3.5.2. Interest rate futures-sell | - | - | - | - | - | - |
| 3.6. Other | - | - | - | - | - | - |
| B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI) | 15,175 | 21,062 | 36,237 | 15,358 | 19,344 | 34,702 |
| IV. ITEMS HELD IN CUSTODY | 12,830 | 2,058 | 14,888 | 11,563 | 1,445 | 13,008 |
| 4.1. Assets under management | - | - | - | - | - | - |
| 4.2. Investment securities held in custody | 8,764 | - | 8,764 | 8,905 | - | 8,905 |
| 4.3. Checks received for collection | 3,840 | 91 | 3,931 | 2,439 | 87 | 2,526 |
| 4.4. Commercial notes received for collection | 226 | 1,967 | 2,193 | 219 | 1,358 | 1,577 |
| 4.5. Other assets received for collection | - | - | - | - | - | - |
| 4.6. Assets received for public offering | - | - | - | - | - | - |
| 4.7. Other items under custody | - | - | - | - | - | - |
| 4.8. Custodians | - | - | - | - | - | - |
| V. PLEDGED ITEMS | 2,345 | 19,004 | 21,349 | 3,795 | 17,899 | 21,694 |
| 5.1. Marketable securities | - | - | - | - | - | - |
| 5.2. Guarantee notes | 2,154 | 17,425 | 19,579 | 3,596 | 16,321 | 19,917 |
| 5.3. Commodity | 191 | 1,579 | 1,770 | 199 | 1,578 | 1,777 |
| 5.4. Warranty | - | - | - | - | - | - |
| 5.5. Immovables | - | - | - | - | - | - |
| 5.6. Other pledged items | - | - | - | - | - | - |
| 5.7. Pledged items-depository | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | - | - | - | - | - | - |
| TOTAL OFF BALANCE SHEET COMMITMENTS | 22,804 | 315,073 | 337,877 | 22,893 | 170,440 | 193,333 |

ARAP TÜRK BANKASI A.Ş.**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

(Currency-Thousands of New Turkish Lira (YTL))

ARAB TURKISH BANK 2005 ANNUAL REPORT

| INCOME STATEMENT | Audited December 31, 2005 | Audited December 31, 2004 |
|---|------------------------------|------------------------------|
| I. INTEREST INCOME | 33,032 | 37,053 |
| 1.1. Interest on loans | 8,730 | 6,775 |
| 1.1.1. Interest on TC loans | 6,642 | 5,130 |
| 1.1.1.1. Short term loans | 6,039 | 4,245 |
| 1.1.1.2. Medium and long term loans | 603 | 885 |
| 1.1.2. Interest on foreign currency loans | 1,560 | 1,285 |
| 1.1.2.1. Short term loans | 1,560 | 1,285 |
| 1.1.2.2. Medium and long term loans | - | - |
| 1.1.3. Interest on loans under follow-up | 528 | 360 |
| 1.1.4. Premiums received from Resource Utilisation Support Fund | - | - |
| 1.2. Interest received from reserve deposits | 262 | 137 |
| 1.3. Interest received from banks | 3,389 | 3,673 |
| 1.3.1. The Central Bank of Turkey | 1 | - |
| 1.3.2. Domestic banks | 3,190 | 3,364 |
| 1.3.3. Foreign banks | 198 | 309 |
| 1.3.4. Branches and offices abroad | - | - |
| 1.4. Interest received from money market transactions | 121 | 72 |
| 1.5. Interest received from marketable securities portfolio | 15,175 | 21,863 |
| 1.5.1. Trading securities | 5,980 | 6,732 |
| 1.5.2. Available-for-sale securities | - | - |
| 1.5.3. Held to maturity securities | 9,195 | 15,131 |
| 1.6. Other interest income | 5,355 | 4,533 |
| II. INTEREST EXPENSE | 10,546 | 7,101 |
| 2.1. Interest on deposits | 1,387 | 987 |
| 2.1.1. Interbank deposits | 996 | 537 |
| 2.1.2. Saving deposits | 79 | 134 |
| 2.1.3. Public sector deposits | - | - |
| 2.1.4. Commercial deposits | 24 | 25 |
| 2.1.5. Other institutions deposits | - | - |
| 2.1.6. Foreign currency deposits | 288 | 291 |
| 2.1.7. Precious metals deposits | - | - |
| 2.2. Interest on money market transactions | 1,539 | 661 |
| 2.3. Interest on funds borrowed | 7,500 | 5,292 |
| 2.3.1. The Central Bank of Turkey | - | - |
| 2.3.2. Domestic banks | 173 | 177 |
| 2.3.3. Foreign banks | 7,327 | 5,115 |
| 2.3.4. Branches and offices abroad | - | - |
| 2.3.4. Other financial institutions | - | - |
| 2.4. Interest on securities issued | - | - |
| 2.5. Other interest expense | 120 | 161 |
| III. NET INTEREST INCOME (I - II) | 22,486 | 29,952 |
| IV. NET FEES AND COMMISSIONS INCOME | 6,770 | 4,930 |
| 4.1. Fees and commissions received | 7,183 | 5,241 |
| 4.1.1. Cash loans | 27 | 4 |
| 4.1.2. Non-cash loans | 1,582 | 1,600 |
| 4.1.3. Other | 5,574 | 3,637 |
| 4.2. Fees and commissions paid | 413 | 311 |
| 4.2.1. Cash loans | - | - |
| 4.2.2. Non-cash loans | 205 | 180 |
| 4.2.3. Other | 208 | 131 |
| V. DIVIDEND INCOME | 40 | 47 |
| 5.1. Trading securities | - | - |
| 5.2. Available-for-sale securities | 40 | 47 |
| VI. NET TRADING INCOME | 2,376 | 1,169 |
| 6.1. Profit/losses on trading account securities (Net) | 187 | 178 |
| 6.1.1. Profit on trading account securities | 187 | 181 |
| 6.1.1.1. Profit on derivative financial instruments | - | - |
| 6.1.1.2. Other Profit on trading account securities | 187 | 181 |
| 6.1.2. Losses on trading account securities (-) | - | 3 |
| 6.1.2.1. Losses on derivative financial instruments | - | - |
| 6.1.2.2. Other Losses on trading account securities | - | 3 |
| 6.2. Foreign exchange gains/losses (Net) | 2,189 | 991 |
| 6.2.1. Foreign exchange gains | 307,753 | 357,438 |
| 6.2.2. Foreign exchange losses (-) | 305,564 | 356,447 |
| VII. OTHER OPERATING INCOME | 1,012 | 2,067 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | 32,684 | 38,165 |
| IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-) | 2,727 | 3,803 |
| X. OTHER OPERATING EXPENSES (-) | 24,276 | 21,368 |
| XI. NET OPERATING INCOME (VIII-IX-X) | 5,681 | 12,994 |
| XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES | - | - |
| XIII. NET MONETARY POSITION GAIN/LOSS | - | (6,269) |
| XIV. INCOME BEFORE TAXES (XI+XII+XIII) | 5,681 | 6,725 |
| XV. PROVISION FOR TAXES ON INCOME (+) | 2,729 | 2,144 |
| 15.1. Current Tax Provision | (1,123) | (1,688) |
| 15.2. Deferred Tax Provision | 3,852 | 3,832 |
| XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV+XV) | 8,410 | 8,869 |
| XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES | - | 31 |
| 17.1. Extraordinary net income/expense before taxes | - | 31 |
| 17.1.1. Extraordinary income | - | 51 |
| 17.1.2. Extraordinary expense (-) | - | 20 |
| 17.2. Provision for taxes on extraordinary income | - | - |
| XVIII. PROFIT/LOSSES ON UNCONSOLIDATED INVESTMENTS (-) | - | - |
| XIX. NET PROFIT/LOSSES (XVI+XVII+XVIII) | 8,410 | 8,900 |
| 19.1. Group's profit/loss | 8,410 | 8,900 |
| 19.2. Minority shares | - | - |
| Earnings/Losses per share (full YTL) | 0.00205 | 0.00217 |

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency-Thousands of New Turkish Lira (YTL))

| | Inflation | | Share Premium | Share Cancellation | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income/(Loss) | Prior Period Net Income/(Loss) | Revaluation Fund | Value Increase Fund | Marketable Securities Value Increase Fund | Total Equity |
|--|-----------------|-------------------------|---------------|--------------------|----------------|-----------------|------------------------|----------------|----------------------------------|--------------------------------|------------------|---------------------|---|---------------|
| | Paid-in Capital | To Paid-in Capital adj. | | | | | | | | | | | | |
| PRIOR PERIOD | | | | | | | | | | | | | | |
| December 31, 2004 | | | | | | | | | | | | | | |
| I. Balances at the end of prior period | 20,000 | 38,385 | - | - | 336 | - | 125 | - | 7,619 | 3,774 | - | - | - | 70,239 |
| II. Changes in Accounting Policies | - | - | - | - | - | - | - | - | 1,912 | (40) | - | - | - | 1,872 |
| III. New balance (1+2) | 20,000 | 38,385 | - | - | 336 | - | 125 | - | 9,531 | 3,734 | - | - | - | 72,111 |
| IV. Net Profit or Losses | - | - | - | - | - | - | 842 | - | 8,900 | 8,100 | - | - | - | 8,900 |
| V. Profit Distribution | - | - | - | - | 589 | - | - | - | (9,531) | 9,531 | - | - | - | - |
| 5-1. Dividends distributed | - | - | - | - | 589 | - | - | - | (9,531) | 9,531 | - | - | - | - |
| 5-2. Transfers to legal reserves | - | - | - | - | - | - | 842 | - | - | (1,431) | - | - | - | - |
| 5-3. Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Increase in capital | 9,000 | 619 | - | - | - | - | - | - | (9,619) | - | - | - | - | - |
| 6-1. Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6-2. Revaluation Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6-3. Value Increase in Revaluation Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6-4. Marketable Securities Value Increase Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6-5. Inflation adjustment to paid-in capital | - | 619 | - | - | - | - | - | - | - | (619) | - | - | - | - |
| 6-6. Issuance of share certificates at end of period | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6-7. Foreign exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6-8. Other (From Prior Year Income) | 9,000 | - | - | - | - | - | - | - | - | (9,000) | - | - | - | - |
| VII. Convertible bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances (I+II+IV+V+VI+VII) | 29,000 | 39,004 | - | - | 925 | - | 967 | - | 8,900 | 2,215 | - | - | - | 81,011 |
| CURRENT PERIOD | | | | | | | | | | | | | | |
| December 31, 2005 | | | | | | | | | | | | | | |
| I. Balances at end of prior period | 29,000 | 39,004 | - | - | 925 | - | 967 | - | 8,900 | 2,215 | - | - | - | 81,011 |
| Increases in the period: | | | | | | | | | | | | | | |
| II. Investments securities available for sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2-1. Net fair value gains/losses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Cash flow hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3-1. Net fair value gains/losses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transferred Amounts: | | | | | | | | | | | | | | |
| IV. Investments securities available for sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4-1. Transferred to net income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Cash flow hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5-1. Transferred to net income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5-2. Transferred to assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Net Profit or Losses | - | - | - | - | - | - | - | - | 8,410 | 8,409 | - | - | - | 8,410 |
| VII. Profit Distribution | - | - | - | - | 491 | - | - | - | (8,900) | - | - | - | - | - |
| 7-1. Dividends distributed | - | - | - | - | 491 | - | - | - | (8,900) | - | - | - | - | - |
| 7-2. Transfers to legal reserves | - | - | - | - | - | - | - | - | - | 491 | - | - | - | - |
| 7-3. Other | - | - | - | - | - | - | - | - | - | (6,000) | - | - | - | - |
| VIII. Increase in capital | 12,000 | (6,000) | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-1. Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-2. Revaluation Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-3. Value Increase in Revaluation Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-4. Marketable Securities Value Increase Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-5. Inflation adjustment to paid-in capital | 6,000 | (6,000) | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-6. Issuance of share certificates at end of period | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-7. Foreign exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8-8. Other (From Prior Year Income) | 6,000 | - | - | - | - | - | - | - | - | (6,000) | - | - | - | - |
| IX. Convertible bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balances (I+II+III+IV+V+VI+VII+VIII+IX) | 41,000 | 33,004 | - | - | 1,416 | - | 967 | - | 8,410 | 4,624 | - | - | - | 89,421 |

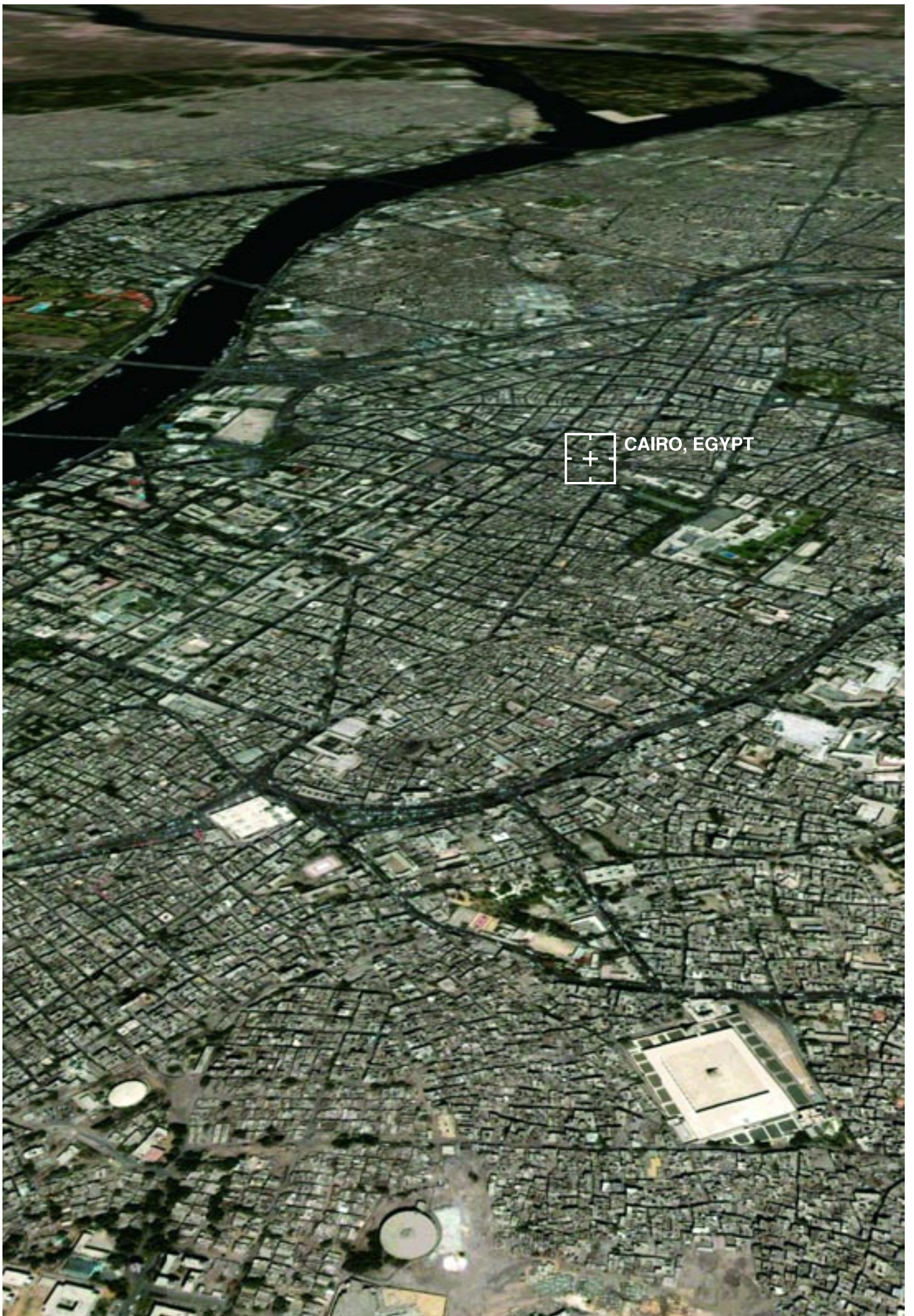
ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Currency-Thousands of New Turkish Lira (YTL))

ARAB TURKISH BANK 2005 ANNUAL REPORT

| CONSOLIDATED STATEMENT OF CASH FLOW | | Audited | Audited |
|-------------------------------------|---|-------------------|-------------------|
| | | December 31, 2005 | December 31, 2004 |
| A. | CASH FLOWS FROM BANKING OPERATIONS | | |
| 1.1. | Operating profit before changes in operating assets and liabilities | 11,211 | 6,121 |
| 1.1.1. | Interest received | 34,108 | 35,514 |
| 1.1.2. | Interest paid | (10,413) | (6,816) |
| 1.1.3. | Dividend received | 40 | 47 |
| 1.1.4. | Fees and commissions received | 7,183 | 4,930 |
| 1.1.5. | Other income | 3,219 | 3,236 |
| 1.1.6. | Collections from previously written off loans and other receivables | 528 | 360 |
| 1.1.7. | Payments to personnel and service suppliers | (15,103) | (14,112) |
| 1.1.8. | Taxes paid | (1,108) | (5,806) |
| 1.1.9. | Extraordinary items | - | - |
| 1.1.10. | Other | (7,243) | (11,232) |
| 1.2. | Changes in operating assets and liabilities | (65,191) | (1,063) |
| 1.2.1. | Net (increase) / decrease in trading securities | (67,963) | 15,802 |
| 1.2.2. | Net (increase) / decrease in due from banks and other financial institutions | 524 | 17,839 |
| 1.2.3. | Net (increase) / decrease in loans | (16,245) | (25,229) |
| 1.2.4. | Net (increase) / decrease in other assets | (11,986) | (649) |
| 1.2.5. | Net increase / (decrease) in bank deposits | 25,996 | 5,324 |
| 1.2.6. | Net increase / (decrease) in other deposits | 557 | (1,076) |
| 1.2.7. | Net increase / (decrease) in funds borrowed | 3,625 | (10,016) |
| 1.2.8. | Net increase / (decrease) in matured payables | - | - |
| 1.2.9. | Net increase / (decrease) in other liabilities | 301 | (3,058) |
| I. | Net cash provided from banking operations | (53,980) | 5,058 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| II. | Net cash provided from investing activities | 60,341 | 139 |
| 2.1. | Cash paid for purchase of investments, associates and subsidiaries | - | - |
| 2.2. | Cash obtained from sale of investments, associates and subsidiaries | - | - |
| 2.3. | Fixed assets purchases | (619) | (1,673) |
| 2.4. | Fixed assets sales | 512 | 32 |
| 2.5. | Cash paid for purchase of investments available for sale | - | - |
| 2.6. | Cash obtained from sale of investments available for sale | - | - |
| 2.7. | Cash paid for purchase of investment securities | (29,103) | (9,219) |
| 2.8. | Cash obtained from sale of investment securities | 89,551 | 10,999 |
| 2.9. | Extraordinary items | - | - |
| 2.10. | Other | - | - |
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| III. | Net cash provided 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. | Capital increase | - | - |
| 3.4. | Dividends paid | - | - |
| 3.5. | Payments for finance leases | - | - |
| 3.6. | Extraordinary items | - | - |
| 3.7. | Other | - | - |
| IV. | Effect of change in foreign exchange rate on cash and cash equivalents | | |
| V. | Net increase in cash and cash equivalents (I+II+III+IV) | 6,361 | 5,197 |
| VI. | Cash and cash equivalents at beginning of the year | 34,643 | 29,446 |
| VII. | Cash and cash equivalents at end of the year (V+VI) | 41,004 | 34,643 |



CAIRO, EGYPT

DIRECTORY

General Management

Visiting Address : Valikonađı Cad. No: 10
34367 Niřantaşı Istanbul Turkey

Postal Address : P.O. Box : 150
34360 Őiřli Istanbul Turkey

Telephone : +90 212 225 05 00 (19 Lines)

Telex : 26830 atbk tr
27840 atub tr

Telefax : +90 212 225 05 26
+90 212 224 99 92

SWIFT : ATUBTRIS

Website : <http://www.arabturkbank.com>

E-mail : webmaster@arabturkbank.com

Istanbul Main Branch

Contact : Ms. Sayra Kurtkan, Branch Manager

Visiting Address : Valikonađı Cad. No. 10
34367 Niřantaşı Istanbul Turkey

Postal Address : P.O. Box 150
34360 Őiřli Istanbul Turkey

Telephone : +90 212 296 05 75 (Branch Manager)
+90 212 225 05 00 (19 Lines)

Telex : 26830 atbk tr
27840 atub tr

Telefax : +90 212 225 52 99
+90 212 224 53 01

E-mail : skurtkan@arabturkbank.com

Kozyatađı Branch

Contact : Ms. Beril akır, Branch Manager

Visiting Address : Odak Plaza, Bayar Cad.
Őehit Mehmet Fatih ngöl Sok. No: 5
A Blok Kat: 2 Kozyatađı 34742 Istanbul Turkey

Telephone : +90 216 445 57 19 (Branch Manager)
+90 216 445 57 (7 Lines)

Telex : 29099 atbd tr

Telefax : +90 216 445 57 21

E-mail : bcakir@arabturkbank.com

Ankara Branch

Contact : Ms. Emel Korkut Oksay, Branch Manager

Visiting Address : Havuzlu Sok. No: 3
06540 Ařađı Ayrancı Ankara Turkey

Telephone : +90 312 419 51 01/02 (Branch Manager)
+90 312 419 08 83/84
+90 312 419 51 03/04

Telex : 45120 arpt tr

Telefax : +90 312 439 37 81

E-mail : eoksay@arabturkbank.com



Valikonađı Cad. No: 10 34367 Niřantaşı, Istanbul - Turkey P.O. Box 150, 34360 Őiřli, Istanbul - Turkey
Tel : (+90 212) 225 05 00 (19 lines) Telex : 26830 atbk tr (General), 27840 atub tr (Foreign Exchange)
Telefax : (+90 212) 225 05 26 - (+90 212) 224 99 92 SWIFT: ATUBTRIS

www.arabturkbank.com